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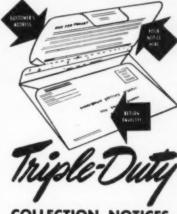
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Instalment Legislation

ARTHUR E. KAISER

Consultant, Instalment Legislation, State of California Los Angeles, California

An address before the 45th Annual International Consumer Credit Conference, Dallas, Texas, June 25, 1959

JAMES MITCHNER authorized repairs to his car to cost \$200.37. He paid \$35.00 down. He was induced to sign a chattel mortgage note for 24 payments of \$13.32 each. Neither the time price nor the financing charge was disclosed. He discovered that 24 times \$13.32 amounted to \$319.68 when he received a payment book from the finance company who had bought the note. The finance charge was \$154.31 or 93½ per cent of the unpaid balance. He was stuck—the finance company refused to recognize any claim or defense.

Richard Harvey signed a blank contract for an unpaid balance of \$1,200.00 for home appliances to be paid in 24 instalments of \$72.00 each. When he discovered upon receipt of a payment book from the finance company that the time balance would be \$1,714.20 which included a carrying charge of \$514.29, or 431/2 per cent of the unpaid balance, he attempted to make a payoff and obtain a rebate for prepayment. He was told 50 per cent of the carrying charge would be cancelled but only if he borrowed the money for the prepayment from the finance company at the property brokers rates of 21/2 per cent per month on the first \$100.00, two per cent per month on the next \$400.00, and five-sixths of one per cent on the remainder, calculated on the reducing balances.

Incomplete Contract

Jean Land bought furniture for \$599.00 and paid \$82.96 down. She was told the finance charge would be \$23.96. She signed an incomplete contract calling for 24 payments of \$29.60 each. This resulted in a carrying charge of \$170.40 or 311/2 per cent of the unpaid balance. Her protest were unavailing. After seven payments she negotiated a payoff and was allowed only \$26.66. In arriving at this amount the finance company deducted \$97.20 as their earned discount from the then unpaid balance of \$503.20 and allowed half of one per cent per month for 16 months remaining in the contract.

Annie Laurie Nelson signed an incompleted contract for alterations and repairs to her residence to cost \$2,000.00 with the understanding her payments were to be \$55.00 a month for 36 months. She also signed a blank note. The contract was later filled in by the seller to provide for 60 payments and the note filled in for \$3,300.00. The note was sold to a sales finance company. The carrying charge amounted to \$1,300.00 which is 65 per cent of the unpaid balance.

Genaro Guitierez signed an incompleted contract for furniture and later discovered he was charged 27½ per cent for 24 months financing. Contract was carried by the seller

Furniture Never Delivered

Lawrence Hansen ordered furniture to be delivered at a future date. He does not recall having signed a contract, but he was notified by a finance company they held his contract for \$850.00. Furniture was never delivered but the holder brought suit for recovery as a holder in due course, which the buyer successfully defended. The buyer was out his time, costs and attorney fees plus \$75.00 down payment. The seller disappeared.

The wages of Victoria Jimenez were attached for an instalment debt contracted by her husband, after they were separated and no longer living together, for a man's watch. In order to save her job she signed a stipulation of judgment and agreed to pay \$200.80 which included \$58.70 court costs, attorney fees and interest. As she was not liable, and was uninformed of her ability to file a claim of exemption and could not afford an attorney, she was stuck.

Frances Wysong signed a blank contract for a television set and later found out she was charged approximately 20 per cent carrying charge for an 18-month contract. She was refused any rebate for prepayment.

Louise Fontenot answered a question on a religious radio program and won a 17-jewel wrist watch and a diamond necklace. The only catch was that she would have to buy a washing machine or something before the prizes would be delivered to her. She signed a blank contract

presumably for \$351.00, but wound up owing the finance company \$497.00 payable in 24 instalments. The washing machine was overpriced, the watch would not run after a short time and the necklace was glass. She was refused a copy of the contract.

Robert E. Nenad bought furniture and was charged 45 per cent carrying charge for 24 months. The furniture was of inferior quality but he was refused any adjustment by either the furniture company or the finance company.

A crew of high-pressure, suede shoe salesmen obtained signatures to blank contracts amounting to more than \$150,000.00 for wall-to-wall, all wool carpeting in a three- or fourweek period in Alameda County, California. No copies of the contracts were given the buyers. Deliveries were not made on many of the contracts, and the carpeting which was delivered was of inferior grade. The finance company was trying to enforce the contracts which contain high carrying charges. It is estimated it cost Alameda County \$70,000.00 to prosecute these crooks.

Legislative Investigation

These are only a few of the cases developed during a 15 month investigation by the Sub-Committee of the California Legislature on Lending and Fiscal Agencies, Chairman Assemblyman Jesse M. Unruh, on which committee I served as Congultant

These situations clearly established a pattern which indicated that legislation was needed for the protection of the consumer. The problem involved was how to assure reasonable protection to the consumer without binding the seller or the financing agencies in a web of red tape which would increase costs and disrupt existing procedures. A study of the forms and methods in use by a substantial sample of well established and reputable organizations in both these fields indicated that most contract forms contained reasonably adequate disclosures; that the practice was to furnish the buyer with a copy; that the rates charged as a

time price differential were under 12 per cent per annum and in the majority of cases did not exceed

ten per cent.

With this survey as a background we published a preliminary report which contained a proposed law based largely on those which had been adopted by the states of New York and Illinois. In addition to public hearings we conducted conferences with several law enforcement agencies and with committees representing trade, banking and financing organizations. These conferences resulted in numerous revisions to the original proposed bill and in the introduction in the Assembly of the bill in its revised form on January 20, 1959.

The bill was referred to the Assembly Committee on Finance and Insurance, who held only one hearing, at which time several minor amendments were approved and the bill was moved to the floor for debate. The Assembly voted 72-4 in favor of the bill and it went to the Senate Committee on Insurance and Financing Institutions who also made about three minor amendments. It received an unanimous vote of approval in the Senate and was signed by Governor Brown on April 29, 1959, to become effective January 1, 1960. This bill is entitled "The Unruh Act."

Opposition to Bill

Naturally there was opposition to the bill, but this opposition carried little weight against the support given the bill by such organizations as the California Retailers Association, The California Bankers Association, the Legal Aid Foundations and the "Do Pass" nod given by the Governor. We feel that much opposition was overcome by the understanding attitude displayed by the committee in recognizing business' problems, its willingness to concede on matters of detail and to the willingness of the committee members to listen to the recommendations of their consultant. We do not feel California has a perfect law, but we do feel that the law is equitable to both the consumer and business.

While on the subject of support I must confess that the greatest strength rose from the desire of retailers to have embodied in the law a provision which would define the credit service charge on revolving charge accounts as a "time price differential" and to remove the threat that this charge may be held to be interest as it was in Arkansas.

Here are some of the highlights of the California Law:

1. All single transactions having a cash sale price of \$50.00 or less, where no lien, title or other security interest is retained or taken by the seller are exempted, except as to rates, provided they are not made as revolving charge sales. This is for the purpose of enabling such institutions as the wearing apparel chains and small merchants to add a service charge at the time of sale and not be bound by the provisions for an addon sale. The average sale of these companies is well below \$50.00.

2. No distinction is made between "Retail Instalment Contracts" and "Retail Instalment Obligations," as is the case in the New York Act. Whether or not a security interest is retained by the seller these documents are called "Contracts," with the provision that the time price differential be computed upon and added to the unpaid balance at the time of sale.

3. Revolving charge accounts are called "Revolving Accounts," "Retail Instalment Accounts" or "Instalment Accounts," and not "Retail Instalment Credit Agreements." By confining our definitions to "Contracts" and "Revolving Accounts" we feel we have made the law easier to read

and understand.

4. The New York law distinguished between a "credit service charge" as a charge applying to contracts, and a "service charge" as a charge applying to credit agreements or revolving accounts. We felt this was confusing so we adopted a single definition, namely "Time Price Differential" or "Service Charge." We believe our definition goes farther in establishing the service charge made on revolving accounts as a time price differential than does the New York definition. Our definition reads "Time Price Differential" or "Service Charge" means the amount, however denominated or expressed, which the retail buyer contracts to pay or pays for the privilege of purchasing goods or services to be paid for by the buyer in instalments: it does not include the amounts, if any, charged for insurance premiums, delinquency charges, attorneys' fees, court costs, collection expenses or official fees. . . . " To further support the time price differential theory this definition carries a footnote in the final committee report which reads, "The intent of this definition is to classify financing charges as time price differentials regardless of whether such charges are precomputed at the time of sale or are computed on the outstanding balances from month to month, and thereby divorce these charges from any definition of interest."

5. We require that every retail instalment contract be contained in a single document. This is intended to prevent the execution of any note or series of notes which when separately negotiated will cut off as to third parties any right of action or defence which the buyer may have against the seller.

6. In connection with the signing of blank contracts we provide that the seller shall not obtain the signature of the buyer to a contract when it contains blank spaces to be filled in after it has been signed. This places the onus on the seller instead of on the buyer. The New York law provides that ". . . no contract . . . shall be signed by the buyer when it contains blank spaces to be filled in after it has been signed. . Our legislative counsel felt that, under the New York law, a buyer who signed an incomplete contract might be in violation of the law and subject to the penalty provided therein.

7. Until the seller delivers a legible copy of the contract to the buyer, the buyer shall be required to pay

only the cash sale price.

8. Considerable care was given to the wording of the formula to be used in calculating the time price differential on contracts. A case arose under the Minnesota Motor Vehicle Retail Instalment Sales Act which turned on the question of whether a charge may be computed at the permitted rate for more than one year on the contract balance, inasmuch as the Act states that the charge shall be computed at the rate for "a period of one year," and in a separate sentence adds "for periods greater or less than one year, the charge shall be computed proportionately." The purchaser's contention apparently was that on a two year contract the charges for the second year would be calculated on one-half of the original principal balance. (See Van Asperen v. Darling Olds, Inc. and American National Bank, Second Judicial District Court.) In our Act we state ". . . a service charge which shall not exceed the following rates multiplied by the number of months, including any fraction in excess of more than 15 days as one month, elapsing between the date of such contract and the due date of the last instalment." The rates are five-sixths of one per cent per month on the first \$1,000.00 of the unpaid balance, and twothirds of one per cent per month on the amount in excess of \$1,000.00.

9. Similarly in connection with the calculation of service charge refunds we attempted to avoid any misinterpretation which might be applied to the term "month" as it appears in the New York Act, which reads ". . . The amount of any such refund credit shall represent at least as great a proportion of the credit service charge . . . as the sum of the periodic time balances after the month in which prepayment is made bears to the sum of all the periodic time balances under the schedule of instalments in the contract . . . " by rewording this provision so it reads "The amount of any such refund credit shall represent at least as great a proportion of the service charge . . . as the sum of the periodic monthly time balances not yet due bears to the sum of all the periodic monthly time balances under the schedule of instalments in the contract. . . ."

10. Of considerable interest to you is our treatment of "add-on" sales. Instead of requiring that a new contract be entered into for subsequent purchases, we state that the original contract may provide that additional purchases may be added thereto, and that when such additional purchases are made the seller shall deliver to the buyer, prior to the due date of the first instalment, a memorandum which shall set forth the calculations used in arriving at the new consolidated time balance. This would not however, prevent the seller from obtaining a modification agreement signed by the buyer, but it does enable add-on transactions to be negotiated by the salesman when not in possession of all the necessary data with which to make the calculations . . . and I might add that many salesmen I have known would not be able to make correct calculations even though they had the necessary data.

11. Now let us talk about revolving charge accounts for a moment or two. I believe most of you do as is done in California, where they arrange accounts over the phone, use silent interviewers, solicit accounts by mail and arrange some by personal interview. Because many account agreements are a part of the credit application, it appeared impractical to require that the buyer be furnished with a copy of this agreement. Furthermore, to require that the application contain an exact statement of the service charge rates was felt to be cumbersome. So we provided that every application form used by the seller contain the statement "service charges not in excess

of those permitted by law will be charged on the outstanding balances from month to month," and that when the seller opened the account he would be required to confirm this fact to the buyer in writing and to embody in his confirmation a statement of the rate of the service charge, without regard to the variations allowed by law. This last condition was agreed to in order to avoid the necessity of setting forth the rate of 11/2 per cent per month on balances of \$1,000.00 and less and one per cent per month on the excess of \$1,000.00 in a balance, as this might encourage buyers to run up accounts of over \$1,000.00. (It is difficult enough to keep revolving accounts under control as it is.) We also allowed the confirmation to contain the statement ". . . rates are subject to change if permitted by law."

Instalment Legislation

The California "Unruh Act" differs in other respects from those of the various states but I will not go into further detail. Through the courtesy of various credit bureaus I have been sent information regarding retail instalment legislation in their states, the highlights of which are:

1. The bills introduced in Oregon and California were identical in most major respects. The Oregon bill failed to pass. The California bill was enacted into law by the Governor's signature, and becomes effective January 1, 1960. Motor vehicles were not included in either bill. Full disclosures of all elements in a contract were required. Contract time price differential rates prescribe maximum rates for contracts of five-sixths of one per cent per month (equivalent to ten per cent annum) on unpaid balances up to \$1,000.00, and two-thirds of one per cent per month (equivalent to eight per cent per annum) on the excess over \$1,000.00. A minimum amount of \$12.00 is allowed if the life of the contract is more than eight months, or \$10.00 if the life is eight months or less. This minimum may not be used in calculating the rebate credit at the time of an addon, and may be used as a charge only once in any series of add-ons.

Maximum rates for revolving accounts were established at 1½ per cent per month on balances up to \$1,000.00, and one per cent per month on the excess over \$1,000.00. Minimum charge of \$1.00 per month is authorized. Rebates of service charges on contracts must be as great an amount as is obtained by

applying the Rule 78. Minimum charges may be retained, but may not first be deducted from the original service charge as an acquisition cost. No refund need be made if the amount of rebate is \$1.00 or less. Oregon proposed to exempt the wages of a debtor from attachment for a claim arising out of an instalment sale, whereas California exempts such wages for a period of 60 days after a default. Violations are misdemeanors.

2. In Illinois an existing law placed no ceilings on rates, and did not provide for revolving accounts. A proposed revision, regarding the status of which I am not informed, corrects these conditions. In the proposal full disclosures are required. Maximum contract rates are 12 per cent per annum; minimum \$10.00. Maximum revolving account rates are 11/2 per cent per month, minimum 70 cents. Rates may be calculated on the median amount in a schedule having a range not in excess of \$20.00. The buyer is required to give a five day prior notice of intention to prepay a contract balance. The seller or holder may deduct an acquisition cost of \$10.00 from the original service charge and calculate the rebate on the remainder by the Rule 78. Motor vehicles are included in both existing and proposed laws.

3. Missouri Senate Bill No. 98 was voted out of committee April 7, 1959. Motor vehicles are not included. Full disclosures are required. Maximum rates for contracts follow those established in Kansas, namely: 12 per cent per annum on the first \$300.-00 of the unpaid balance, ten per cent per annum on the next \$700.00, eight per cent per annum on the excess over \$1,000.00, minimum charge \$12.00. This rate structure has considerable merit as it is more realistic for use by finance companies than a lower rate, and the maximum need not be used by retailers who carry their own paper. Ceiling on revolving charge account rates is set at 11/2 per cent per month, minimum 70 cents. Rebates for prepayment follow the Rule of 78 after deducting an acquisition cost of \$12.00.

4. Two separate bills have been moved to the general file of the legislature in Nebraska. L.B. No. 652 relates to contract sales and requires sales finance companies to be licensed and supervised by the director of banking. Motor vehicles are included, and full disclosures are required. Maximum rates (except as to motor vehicles) parallel

the Missouri provisions except as to minimums. A minimum charge of 75 cents for each \$5.00 of the unpaid balance or portion thereof, provided the unpaid balance is less than \$100.00 and the contract life does not exceed 12 months is authorized. Rebates are to be made by the Rule of 78. The bill does not provide the method for calculating the service charge in connection with add-on sales. L.B. No. 301 treats with revolving accounts and establishes a ceiling of 11/2 per cent per month on balances up to \$500.00. No provision is made, in the bill, for rates on balances over \$500.00, but I am informed the regular Nebraska interest rate of three-fourths per cent per month may be used.

L.B. No. 652 regarding contract sales contains penalty provisions which are worthy of note, although in my opinion they are too drastic. Any person who violates any provision of the act is subject to a fine of \$500.00 or by imprisonment for six months, or both. This penalty is not confined to willful violations or violations with knowledge. If the violation rises from excessive charges the contract is void and uncollectible as to (1) all of the excessive portion of the time price differential, (2) the first \$1,000.00 on the time price differential, and (3) the first \$4,000.00 of the principal of the contract. But if the violations rise from any other provision of the act, except as an accidental and bona fide error, the contract is void and uncollectible as to the first \$500.00 of the time price differential and the first \$1,000.00 of the principal of the contract. Both bills have been passed by the legislature.

5. New York's law excludes motor vehicles, but requires full disclosures. Contract ceilings are ten per cent per annum on the first \$500.00 of the unpaid balance, and eight per cent per annum on the excess over \$500.00, with a minimum of \$12.00. Unless there has been an amendment of which I am not aware, this minimum applies only to contracts running over eight months, with \$10.00 as a minimum if the contract life is eight months or less. Rebates to be made by the Rule of 78. In revolving charge accounts up to an unpaid balance of \$500.00, 11/2 per cent per month; over \$500.00, one per cent per month; minimum charge 70 cents per month.

6. Ohio's law of 1949 includes motor vehicles, but does not cover revolving accounts, and requires full disclosures except for the "time sale price." The statement of maximum rates appears to be somewhat cumbersome. A base finance charge of eight per cent per annum, plus a service charge of 50 cents per month on the first \$50.00 and 25 cents per month on each of the next five \$50.00 units or fraction, is allowed. According to my interpretation of one sentence in the law, "The provisions of this act shall not apply to any sale in which the base finance and service charge does not exceed the sum of fifteen dollars," all such transactions are exempted. This evidently is the manner in which a minimum charge of \$15.00 is established. Rebates are made according to the Rule of 78 after the deduction of a \$10.00 acquisition cost. S.B. No. 246 covering revolving accounts was introduced in the 1959-1960 general session. This bill authorizes a base finance charge ceiling of one per cent per month plus a service charge of 50 cents per month for each of the first four \$50.00 units or fraction thereof and an additional service charge of 25 cents per month for each of the next six \$50.00 units or fraction thereof. If my mathematics are correct these charges approximate two per cent per month on a \$100.00 balance, 1.2 per cent on a \$500.00 balance, and 1.5 per cent on a \$700.00 balance, graduating

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A. M. TANNRATH

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City Zone State

downward slightly as the balances increase but always exceeding one

per cent per month.

7. A bill dealing entirely with motor vehicles has apparently been introduced in South Dakota. It requires that sales finance companies be licensed and under the supervision of the superintendent of banks. Full disclosures required. Finance charges for a new car are limited to 11/2 per cent per month on the declining balance; for a used car two years old, 11/2 per cent per month on the declining balance; for older cars 21/2 per cent per month on the declining balance. These charges may be precomputed, a minimum charge of \$20.00 being permitted. Rebates for prepayment according to the Rule of 78 after a deduction of a \$15.00 acquisition cost.

8. In Tennessee S.B. No. 372 with amendments was passed by the legislature. According to a news article dated April 3, 1959, the governor signed a bill which was certified to him by the legislature, but it was later discovered that the bill he signed did not contain one amendment voted by the legislature. At that time there was a question whether the law was valid. I am not informed as to the outcome. The bill did not include motor vehicles. It required full disclosures except for the "time sale price." Contract rates authorized at ten per cent per annum on the first \$500.00 of the unpaid balance; eight per cent per annum on the next \$4,500.00; and six per cent per annum on the excess over \$5,000.00; minimum charge \$12.50. The Rule of 78 was authorized for rebates; deduction of an acquisition cost of \$15.00 permitted. Revolving charge account rates 11/2 per cent per month; minimum 70 cents per month.

9. Two bills were introduced in Washington State. H.B. No. 141, amending Chapter 63.12 RCW, dealt with conditional sales contracts of goods in an amount of \$3,000.00 or less. Full disclosures, exclusive of the "time sale price" were required. No credit service charge ceilings were provided, although such ceilings may perhaps have been a part of the code being amended. Rebates for prepayment were to be made on a pro rata basis on instalments due at least one instalment period after the prepayment was made, except that a minimum charge of \$5.00 may be imposed. H.B. No. 180 covered revolving accounts. This provided for full disclosures and established a maximum credit service charge of one per cent per month with a minimum charge of 50 cents permitted. H.B. No. 141 never came out of committee for a vote. In the April issue of Credit Currents it is stated that an unofficial report indicated all Washington credit legislative bills dead for this year, so I presume that was the fate of H.B. No. 180.

References heretofore made to "full disclosures" include the following data which must appear in a contract: cash sale price; Down payment in cash or goods traded-in; the difference between these items; charge for insurance; charge for official fees; the unpaid balance; the charge for financing; the time balance; the number, amount and due dates of instalments; and the time sale price. The time sale price is the cash sale price plus the charges for insurance, official fees and time price differential. It is a moot question if this item is of any value, for it causes additional work for the seller and it may become confusing to the buyer. I suggest that efforts should be made to avoid including this item in any future bill.

Most legislation provides that the contract contain a warning to the buyer, in eight point bold type, not to sign the contract before reading or if it contains any blank spaces; that he is entitled to a copy of the contract; that he has the right to

pay the full amount due at any time and to receive, under certain conditions, a partial refund of the service charge. I feel this is a good provision, as it is a worthy effort to protect those individuals who cannot read and will not seek the assistance of a friend who can, and the Mortimer Snerds who can read but will not.

The most controversial subject is no doubt the amount or rate of the financing charge. You can see how opinions differ in the various states. I have reviewed. These charges should be high enough to permit a financing agency to earn a reasonable profit; to permit a retailer who carries his own paper to absorb his costs; low enough so the buyer will not be gouged. Too high a service charge will tempt unscrupulous sellers and financing agencies to practice unsound credit extension, misrepresentation and fraudulent inducement with attendant excessive collection costs and bad debt losses. Too low a charge will damper retail sales. What is the answer? I submit that the answer is to know your costs! In California no one presented cost figures which could be used as a guide in establishing maximum rates. Whether this was because such figures were not available, or if they were they might have supported a lower ceiling than we were considering, I do not know, but I do believe that now is the time for you and your trade organizations to work out a sound formula for arriving at costs, so these will be available if new legislation or amendments to existing laws are being considered in your states. If you do not do this, legislators can justifiably assume that the lowest prevailing rates are adequate. If retail instalment legislation has not already reached your state, it undoubtedly will in the near future. I will venture to say that most of you retailers do not consider such items as telephone, occupancy, depreciation on equipment and interest on accounts receivable investment in your credit department costs. And how about cashiering costs? And mail opening costs? Shouldn't they be considered? A financing institution includes these items, and retailers are entitled to do the same. So far as a profit on the credit operation is concerned I do not think a retailer should aim for this. His profit should come from his mark-up. But the retailer's cost is no doubt lower than that of a financing organization, and he should be able to offer a lower financing charge.

You can MAKE FRIENDS INFLUENCING PEOPLE you know To JOIN THE N.R.C.A. This means BUREAU MANAGERS and CREDIT MANAGERS Will gain INCREASED PRESTIGE as well as EXTRA DIVIDENDS In better COOPERATION. DON'T DILLY-DALLY-ENROLL MEMBERS NOW! Charles F. Sheldon Clarence E. Wolfinger Co-Chairmen, Membership Committee



This Credit World

J. C. GILLILAND

Fingerhut Manufacturing Company, Minneapolis, Minnesota

Immediate Past President, National Retail Credit Association

An address before the annual meeting of Districts 3 and 4, Atlanta, Georgia, April 19-22, 1959

AS MOST OF YOU KNOW, the basic purpose of N.R.C.A. is credit education for the consumer credit user, and all others who may affect, or be affected by the moral and economic force of consumer credit. Each of our 12 districts, as area representatives of the National, has the same purpose. District Conferences are most important tools for accomplishing this objective. No one attending such a Conference with an open and inquiring mind can fail to be rewarded with usable and profitable ideas.

It is not my intention to speak to you today on a specific phase of consumer credit granting, although that is my usual practice. Instead, I want to submit what is essentially a digest report on the consumer credit field, as I see it. To some of you old-timers, some of the points I make will, of course, be repetitious. However, in my talk I am concerned primarily with broadening the knowledge of the newer workers in the consumer credit profession.

What makes up this credit world? In the United States, and to almost a similar degree in Canada, consumer credit encompasses the sale of all types of merchandise, both hard lines and soft lines, and all types of services on credit. Open charge accounts and extended payment plans are both very important tools. Credit is extended to the consumer, both on a direct and indirect basis, with the bulk of it presently being extended on a direct basis.

In Europe, the extension of credit for hard line transactions is relatively routine in England and Germany. In France and Norway, there has been an increasing use of credit for soft line transactions. In Norway, particularly, one of my friends, who is the Managing Director of the largest finance company in that country, has instituted a fixed limit revolving credit plan for soft line purchases on a six-months basis. He spent some time in the United States

studying our plans before instituting his. I had a letter from him just recently, stating that they were well satisfied with their experience to date.

In Italy, consumer credit is still a relatively minor factor, but correspondence I have had from officials in that country indicate a growing interest.

As yet I have no knowledge of any real use of consumer credit in other countries.

As you can see, consumer credit has had its greatest development on this continent. As a matter of fact, I am inclining more and more to the belief that our American economic structure is supported by a three-legged stool—these legs being mass production and mass consumption, which are made possible because of mass consumer credit.

What associations represent this credit world? It is understandable that any phase of the economy which represents such a large proportion of the total economy would find it necessary to have mutual associations representing the various segments. This is true in consumer credit as in similar fields. Within large associations, such as the National Retail Furniture Association, the National Jewelers Association, and the National Hardware Dealers Association, etc., you find departments devoted to consumer credit in the trade field the association represents. However, I will mention primarily the associations which have a direct and active interest in consumer credit. Two of these are divisions within larger associations, but they have prominence on the basis of their own activities.

Taking them in alphabe cal order, we have the American Finance Conference which is the association representing the sales finance companies, largely in the automotive financing field. Next we have the American Industrial Bankers Association which represents the In-

dustrial, or Morris Plan type, loan association.

Next we have the Canadian Credit Grantors Association, which represents the various consumer credit groups in Canada and whose members, by and large, are also members of the National Retail Credit Association with which it works most closely.

The Charge Account Bankers Association is a relatively small group representing the banks and financial institutions which offer community charge plate plans. This will undoubtedly grow.

The Credit Management Division of the National Retail Merchants Association is well known to many of you since its specialized field of representation is the department

and speciality stores groups.

The Credit Union National Association, or GUNA, as it is better known, obviously represents the Credit Union Cooperatives.

The Instalment Credit Commission of the American Bankers Association is the representative of the banks engaged in consumer financing. Another association in the same field is the Consumer Bankers Association.

The National Consumer Finance Association is the representative of the small loan companies and has done an excellent job in its field.

Finally, we have the largest consumer credit association of all—our own National Retail Credit Association. It is the only association representing all categories of consumer credit granters.

What is N.R.C.A.'s place in this credit world? In its better than 47,-000 membership, the National Retail Credit Association represents 23 different categories of businesses engaged in the consumer credit field, as listed below, including our good friends the Credit Bureaus.

Membership by Type of Business

Men's Wear, Women's Wear and Shoes Department Stores and Dry Goods Furniture and Household Appliances Hardware, Lumber, Plumbing and

Heating
Commercial and Industrial Banking
Consumer Loans and Finance
Medical, Dental and Hospitals
Jewelry
Petroleum, Gas and Oil
Coal, Ice and Fuel
Automotive and Accessories
Grocery and Markets
Credit Bureaus
Public Utility
Musical, Radio and Television
Office Supply, Equipment, Printing

& Engraving
Hotels, Clubs and Organizations
Cleaning, Dyeing, and Laundries
Miscellaneous
Dairy and Baking
Mortuary
Druggists
Florists
Newspapers

What kinds of credit plans are offered in this credit world? After 40 years' activity in the consumer credit field, I can say that the names which have been applied to various types of credit plans are countless. However, all of the plans fall into certain general categories. I will mention the major ones as well as the most popular current variations of them.

A large volume of our credit business is done on what are commonly referred to as contract accounts. By and large, these represent sales of more or less durable goods on an extended payment basis.

The second basic type of credit plan is, of course, the regular charge a c c o u n t, representing unsecured credit, repayable in a short period of time.

The third basic type of credit plan is the budget account. It is commonly used for soft line credit sales with deferred payments over a limited period of time.

Within the structure of these three basic types of credit offerings, we find the "fixed limit, fixed payment revolving credit plan, the allpurpose or option charge account plan, and coupon accounts (where the customer buys merchandise coupons on an extended payment basis). The coupon plan is currently popular for variety store credit. Where used in department and speciality stores, the coupon account is generally applied to the lower income group of consumers.

The national and community charge card plans are being widely publicized and expanded today. These plans provide for both merchandise and service charge credit.

In the medical, dental and hospital fields, extended payment plans, usually with the financing done by banks are finding wider and wider use. A recent item in our Minneapolis papers stated that the extended payment plan for dentists was started in the Minneapolis area two years ago, and there are now 104 banks in other parts of the State who have agreed to participate in the program.

In the cash loan field, we have instalment loans being solicited by banks, finance and small loan companies. One of the recent developments in the banking field represents an alternative plan for industries which are perhaps not big enough to have their own credit unions. Under this plan the banks and employers work together on a program which enables employees to arrange not only for loans, but also for checking and savings account services right at their place of employment.

Another recent plan in the banking field is the so-called Check Credit or "Ready Money" plans, by which customers can draw checks against a previously arranged credit line and make re-payment on a revolving credit basis.

Of course, the oil company credit cards, the air travel cards, and the Diners Club and American Express cards have had wide acceptance primarily for transportation and entertainment credit.

Hire-Purchase Plan

An interesting side-light on the methods of arranging consumer credit financing is provided by comparing the Hire-purchase plan, used in England, with our credit plans. In this country, we think of the banks and finance companies as financing or buying receivables created by dealer sales to consumers whose credit has been approved by the bank or finance company. Under the Hire-purchase arrangement in England, we find the buyer selecting at the dealer's showroom, the type of appliance he wishes to purchase. He makes an application for credit to the finance company; his credit is approved. The finance company buys the appliance from the dealer, and then hires it out to the customer. Until just recently, bank financing of such transactions was practically unknown in England. Now four of the "Big 7" banks in the country have bought shares in three of the "Big 4" finance companies which have handled such transactions in the past.

I have a friend who is the chief accountant for the second largest finance company in the United Kingdom. He writes that the finance companies are most pleased with the added prestige they have acquired since the banks openly have become their partners.

Another interesting comparison is that of Norway's revolving credit limits as compared to ours. There, the best line is 600 kroner, or about \$42.00. Their average is about 360 kroner, or \$25.00. On a six-months plan, \$100.00 is about average.

At the Sixth District Conference in Minneapolis, one of the Credit Bureau Managers from Canada told me of his bureaus' community credit plan. Under it, he operates as the credit office of his merchant members, finances the credit sales at a ten per cent discount and, in turn, finances his own operation by six per cent loans from the bank. This is the first plan of this kind that I have heard of in Canada. The Bureau Manager was quite happy with his experience.

What are the controls in this credit world? I do not think any of you are aware of the tremendous volume of consumer credit which is extended every year in this country. The pros and cons as to how much credit volume is safe for the economy have been presented endlessly. However, I think the question is moot. Our experience over all the years has shown that the basic control of credit is exercised by two groups. First, by the consumer. It is admitted that consumers, as a whole will not involve themselves beyond their expected ability to meet their obligations. There are exceptions to this rule, of course, as all of us have found, to our sorrow. Some of the exceptions have been created by thoughtless merchandisers. It is, nevertheless, a fact that consumers do try to keep their desires within the limits of reality.

The second control group is the credit granters. As a whole, credit granters have not and will not grant more credit to buyers than they have an idea they can handle. The largest granters of credit learned long ago that credit orders are just that until the cash has been collected, which turns the order into a sale. Any credit manager worth his salt wants to make as many sales as he can, but he wants those sales to be made at a profit. He can continue to profit only if he keeps his buyers in the market. The overextension of credit takes buyers out of the market.

There are granters who do not observe the rules of common sense and fair play in their efforts to make sales. This group represents a very, very small proportion of the total, just as a small boil is a focal point of pain and annoyance which attracts attention far out of proportion to its importance. This small group creates problems for all of us. Because of it, more and more states have adopted or are planning to adopt, regulations for protection of the credit buyer.

Where these laws are intelligently written, they also serve to protect the ethical granters of credit. The members of this Association have both a duty and a responsibility to see that legislators are acquainted with the proper kind of measures needed to provide equitable protection. They have an equal duty and responsibility to see that the dangers of unwise legislation of this type are brought to the attention of all concerned.

What of the future in this credit world? I believe the following developments will occur:

1. The all-purpose charge account will become the dominant credit plan.

2. The community or bank charge plan will serve most retailers whose credit sales volumes are under two million dollars annually. Many present cash stores will use these credit

3. Large department stores will cooperatively operate central electronic billing services. They will finance most of their receivables through banking syndicates.

4. National credit cards will continue to be used primarily for travel and entertainment purchases.

5. Oil Companies will convert from their present charge accounts to option charge accounts. Some already permit budgeted payments on specific larger charges on the credit card account.

6. Service charges will be restricted by State Laws to common maximums of not over ten per cent on contracts, and to 11/2 per cent on revolving accounts monthly bal-

7. Credit Bureaus, particularly those in large cities, may have to become municipal facilities to provide adequate centralized credit records. A multiplicity of record centers in a city weakens the credit structure. I hope private management can solve this problem.

8. The place of the credit sales credit executive as a member of the top management team will be unquestioned.



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How to Promote Inactive Accounts

HUGH M. MARTIN

Credit Sales Manager, The Addis Company, Syracuse, New York

THE CREDIT SALES manager of all companies today has as much of a responsibility to increase sales as do the merchandisers and buyers. One of the means at his disposal is the promotion of inactive accounts.

Customers today are busy people and they do not have time to read meaningless, spasmotic mailing pieces. Everything that we credit sales managers do in the form of promotion is an expense item, at least to begin with. Therefore, when attempting to revive the inactive accounts, think about it seriously so it will not end up as an expense but turn out to be a profitable venture. We must merchandise our credit departments the same as merchandisers and we must operate on a profit to stay in business. It is our responsibility to management and to customers to keep the customers interested in our store and merchandise. The only thing we have to sell in the credit departments is good will. Charge accounts are not a nuisance. They are a necessity and it is up to the credit sales manager in every concern to keep as many customers on the books as is possible, and to control and keep the accounts in a liquid condition so the customer may continue to use her account and we, therefore, promote extra sales.

Reasons for Inactivity

There are many reasons why customers become inactive with your company. Some are due to complaints—not handled properly; indifference of sales people; indifference in the attitude of the credit person, poor judgment in collection routine letters, etc. It is up to the credit sales manager to know why the customer stops buying from his store. Therefore, when you have an inactive account program, please think about it seriously and make it worth-while. Do not let it become just a routine haphazard effort.

For example, because of cycle billing it takes at least a full month to mail our statements. In October, 1958 we sent a brochure to our active and inactive charge accounts advising the customers that we, at the Addis Company, to our knowledge,

was the first store to offer a Christmas Gift Plan. On the inactive accounts we used the statement and printed a message on it, and of course also enclosed the Christmas Gift Plan brochure. It was our hope that this plan would catch on and that the customers, rather than to run to the bank each week or each month with their deposit for their Christmas Club account, would bring their money into our store. It would be kept on a separate account and be accumulated until November, 1959. At that time, if the customer kept her agreement to make a specific payment monthly, we would reward her by giving her an additional bonus figured at the full rate of three per cent on the total dollars deposited with us during the year. This of course would be a substantial payment for her Christmas purchases for that season. It took two years through our company's attorneys, for us to get permission, and through the New York State banking laws to offer such a plan to customers. There are certain provisions according to the New York State banking laws that we had to comply with. We were greatly pleased, and somewhat surprised, at the amount of dollars, and the number of customers who jumped at this chance. Right now we have a substantial amount customers have deposited with us. Some dormant accounts have become active because of this special notice. At least it brings them into the store to make their deposit, and with our attractive displays and aggressive sales people there is always the opportunity to sell that customer some merchandise while she is in the store.

Contacting Accounts

During the early part of this year we again wanted to contact our inactive accounts along with our active accounts. We had another mailing piece in the form of a little brochure, the heading of which reads: "Welcome Miss Deb and a Memo to Parents." We used the inactive statement, printed a little message on it such as "We Call Your Attention," etc., and enclosed brochure. We got immediate reaction

from both active and inactive charge account customers. It was apparently accepted and it told us that the customers liked the idea of having their daughters or relatives become "Deb" charge account customers of the Addis Company. The "Deb" campaign does not place any responsibility on the parents whatsoever. Some of you may shudder, but we have "Deb" charge accounts in our files at the present time that are active from the ages of 13 to 18. There is a \$30.00 limit on the account, payable \$3.00 a month plus of course the usual service charge. To date we have opened over 200 such accounts, average sales have been \$6.00 plus. So far no collection or over-buying problem has been presented. Naturally we expect some of these will prove unsatisfactory as it would with any charge account. My purpose in calling this to your attention is to again bring to mind that in reviving inactive accounts you must have an ad sponsored by a manufacturer on the back of your envelope which will get and hold the interest of the customer and entice her to come in to your store to see what is going on. It also shows your customer that you are progressive, that you are thinking of her, that you are thinking of her dependents, and that you want the family to continue to be charge account customers of your company.

Account Solicitation

Another example of inactive account solicitation is to send a birthday reminder notice to the husband about five days prior to the wife's birthday. Another contact on active as well as inactive is to send a congratulatory card addressed to Mr. and Mrs. two days prior to their wedding anniversary. This card of course should sell nothing except good will. It has worked wonders for us, and there is no reason why it would not work for someone else. Another contact on both types of accounts is at least once a year to let the customers know you appreciate their patronage by sending them either a card or letter. We prefer to use our own designed form because it is quicker and easier to read and its appearance gets more attention than a letter. A message such as "Your credit is tops with us," "Our hat's off to you," "Thanks for making my position more pleasant," etc., or something of that nature assures your customer that you appreciate her patronage and that you want to continue to be of service to her.

Recently we wanted to find out from both our active and inactive accounts what departments they did not patronize in our organization. Therefore we used our complete charge list, and again on the inactive statement a brief message and enclosed business reply card which said in part: "Yes-it's true-customers are the real merchandizers of all our departments-through your suggestions, criticism and acceptance of merchandise-our merchandizers and buyers are guided in their selections. So we may continue to bring you the newest and smartest fashions-please indicate below the departments you do not patronize in our store—your comments will be appreciated." On the card we listed most of the important departments. The replies came back fast and furious. Fortunately for us, most of them were very kind and favorable. But we were not looking for them. We were looking for the ones that had a complaint and the ones who were no longer shopping in our store. We got what we asked for. and every complaint was followed up by the merchandizer of the department affected. Some, of course, I had to take care of myself because of the customer thinking she was misused by our credit department. It gave us a world of information and we were again able to gain the friendship of some of the customers that we had lost for various reasons.

Last, but not least, when you contact an inactive account and that account becomes active again, what do you do about it? Do you let the customer know you know she is back in the store? Do you send her any kind of contact thanking her for coming back and welcoming her to the fold? If you do not, in my estimation you are missing one of the important contacts to an inactive account. We have a small printed folded notice we immediately send out to the customer who becomes active again. Incidentally, it also goes to each new account that is used for the first time. As the customer takes it out of the envelope she is greeted with the words "Thank you," and then the message inside continues such as "for becoming an active charge account customer of the Addis Company. It is a pleasure to welcome you among our many friends. . . . Should we fall short of your expectations in service or merchandise, please tell us. . . . Your account is available in our suburban store as well as downtown. . . . To

be of service to you is important to us. . . ." We know that this little card is nothing of any world shaking importance, but the customer who is sitting in her home thinking of her shopping ventures really does appreciate this notice. We have received so many nice phone calls and letters as the result of it.

There are many other ways in which all of you contact your inactive accounts such as using the blank statement and saying, "This is not a bill but we wish you owed us money," or "We have missed you-where have you been?" or other slogans like that. The different approach and a specific message is the thing that we have to produce these days to reinterest our inactive accounts. There should not be too frequent a contact on the inactive accounts because to some people such a program becomes boresome and a nuisance.

Whether you spend four cents for a mailing piece, or \$400.00 for a newspaper ad directed to inactive accounts, it must be well thought out and planned. By doing so you may turn many dormant accounts into active accounts and your mailing piece will not be an expense but will result in profitable contact. No credit sales manager can be happy with his operation if he is average, because average is the best of the poorest, but it also is the poorest of the best.

HOW DOES IT WORK? 1. Starting in December, 1958 and continuing through NOVEMBER 20, 1958, you make a payment each work or each monds which an apriment seak week or each monds which the credited to your CHRISTRAS GITT PLAN and restate a credit to latance. 2. Fayments may be made in any amounts from \$1.00 up. 3. After the final payment has been made by November 20th your credit balance will be transferred to your charge account. 4. You will be saving all year and your Christmas shopping will have a good payment loward your final bill. SEE EXAMPLE Hyou monthly payments of \$1.00 \$5.00 \$10.00 \$20	WE LOOK FORMARD TO SERVING YOUNG PROPER IN A WAY WHICH WILL HILP GIVE THEN A RETTER UNDERSTRANDING OF THE VALUE OF MOREY, ENCOURAGE THRIFT AND DEVELOP SKEF-SUPFICIENCY. IT IS OUR HOPE TOU WILL HE ENTHUSIANTIC ABOVE THIS FROM EXPRIENCE IN HANDLING THESE ADOVE THIS PART EXPRIENCE IN HANDLING THESE ADOVE APPAIRS, AND IF THERE ARE "DEED" IN YOUR PARKELY, (Ages 13-16) THAT TOU WILL AUTHORIZE THE ADDIES COMPANY TO OPEN A "DEED" ACCOUNT. YOU WILL MOT BE RESPONSIBLE FOR THE ACCOUNT, BUT WE DO REQUEST YOUR WALTERS PERMISSION SO WE ARE ASSURED OF TORS APPROVAL.	THE ADDIS COMPANY I APPROVE OF TOUR "DEEP ACCOUNTS AND YOU HAVE NO WALLITTO PERSONSIDE TO OPER A "COMP ACCOUNT FOR NY C DAUGHTER AS LISTED HEAVE, I OMERICATION FOR "DEEP" ACCOUNT AGAINST WILL NOT BE RESPONSIBLE FOR THIS ACCOUNT. (SLEEWA) AARLYSS APPLICATION FOR "DEEP" ACCOUNT HAME SAGNATURE I ONE DESIGNATION THAT HY ACCOUNT HAT NOT EXCEED \$30,00 AS PATERNITS ARE HALE, THAT HOT EXCEED \$30,00 AS PATERNITS ARE HALE, THAT HALANCE DOES NOT EXCRED \$30,00, ACCOUNT ALLANCE DOES NOT
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Dallas Conference Notes

RESOLUTIONS

At the 45th Annual International Consumer Credit Conference held in Dallas, Texas, June 21-25, 1959, the following resolutions were unanimously passed:

In Appreciation

Resolved, That the National Retail Credit Association express its warmest appreciation and thanks to the management of Fingerhut Manufacturing Company for their generosity in granting our esteemed president, J. C. Gilliland, the necessary leave of absence in order to perform his duties as President of the Association.

This Association keenly realizes that much of the excellent work performed by President Gilliland during his term of office this past year could not have been accomplished without this splendid generosity, and is deeply grateful.

Be It Further Resolved, That a copy of this resolution be spread upon the minutes of this organization, and a copy sent to the Fingerhut Manufacturing Company, as a testimonial of our sincere appreciation of their interest in and support of the activities of this Association.

J. E. R. Chilton, Jr.

Whereas, The success of any International Consumer Credit Conference depends greatly upon the efforts of the organization representing the merchants of the conference city; and

WHEREAS, The success of the 1959 Annual Conference has been due in a large part to the cordial and cooperative action of the Merchants Credit Association of Dallas; now, therefore, be it

Resolved, That the National Retail Credit Association express its sincere thanks to J. E. R. Chilton, Jr., and his local committees for their outstanding contribution to the success of the 45th Annual International Consumer Credit Conference.

Conference Speakers

WHEREAS, The delegates of the International Consumer Credit Conference have been privileged to hear a number of outstanding speakers at the General Sessions: and

Whereas, The addresses have all been of an informative and thought-provoking character; now, therefore, be it

Resolved, That this Association publicly acknowledge its indebtedness to our speakers for their inspiring addresses which so enriched the Conference Program.

Group Chairmen

WHEREAS, The group conferences have materially contributed to an increase in knowledge of, and efficiency in, successful credit department operations; and

WHEREAS, The success of the educational part of the Conference Program has been due in a large part to the untiring efforts of the Group Chairmen; now, therefore, be it

Resolved, That this Association express its sincere thanks to the Chairmen and Co-Chairmen of the Group Meetings for their splendid contribution to the success of the 45th Annual International Consumer Credit Conference.

Exhibitors

Whereas, The exhibitors at the 45th Annual International Consumer Credit Conference have been most gracious in furnishing educational displays and in providing representatives to discuss with delegates the latest in credit department equipment; now, therefore, be it

Resolved, That we express our warmest appreciation to these companies and their representatives for their generous cooperation in our behalf.

Col. Franklin Blackstone

Whereas, Colonel Franklin Blackstone has served the National Retail Credit Association with the utmost distinction from the time of its birth 42 years ago as its president during the year 1919-1920 and has continued to give himself unstintedly to its program and progress, and

WHEREAS, He was a man of exceptional ability as a thinker, speaker and organizer and helped to give permanent character to the N.R.C.A. when in its infancy it was only a hope or an ideal, and

WHEREAS, His sense of humour, his ability as an educator and his legal ability qualified him for, and his devotion inspired him to give, unparalleled leadership to the National Retail Credit Association, through the years, and

WHEREAS, After a long period of exemplary service the hand of death has been extended to remove him from us; therefore be it

Resolved, That we, the members of the National Retail Credit Association, assembled this day, June 24, 1959, at Dallas, Texas, do hereby recognize our enduring indebtedness to him and that he ever be enrolled among those who have served well our organization and generation. May he rest in peace but his memory continue to inspire and challenge us.

Harold A. Wallace

Resolved, That the 45th Annual International Consumer Credit Conference pay tribute to the memory of one of its finest colleagues, Harold A. Wallace, who was Executive Vice President of the Associated Credit Bureaus of America until his death in St. Louis, November 6, 1958.

With the passing of Harold Wallace, the men and women of the credit field lost a dynamic and capable leader, whose thoughts, dreams and plans were directed toward improving the profession.

At the time of his death the fitting statement was made of him, "It is not given to all men to serve so many so faithfully and well in so many lines of endeavor as he did; but his earnestness, fidelity and willingness to serve should stimulate us to give our best in our various walks of life." In respect for his own self-lessness, the family of Harold Wallace requested that in lieu of flowers, contributions be made to the American Cancer Society, so that even in death he might serve others.

The 45th Annual International Consumer Credit Conference, therefore, sets aside this time to express its sympathy to the family and associates of Harold A. Wallace and to pay respect to the memory of an outstanding man. It is resolved that this memorial be spread on the records of the Conference.

Lindley S. Crowder

Whereas, Lindley S. Crowder has faithfully served the National Retail Credit Association as its General Manager-Treasurer for a quarter of a century, having assumed leadership in days of storm and stress, during which time he placed this Association and its welfare foremost in his life and above that of personal gain, and

WHEREAS, His unquestioned loyalty and unswerving determination have been the chief factors in the founding years of this Association, and his continued close supervision the chief reason for its steady progress

through the years, and

Whereas, In compliance with his expressed desire, he is relinquishing the leadership of the Association at this Annual Conference to enter a period of less responsibility for the next three years or until the Annual Business Conference in 1962, at which time, according to his wish, his permanent retirement will become effective, and

Whereas, During his 25 years as General Manager-Treasurer he has acquired through hard experience an unlimited amount of valuable information in the history, background, operation, procedures, personalities, etc., of this Association that will be of untold value to his successor during the transition period; now, there-

fore, be it

Resolved, That this Association in Annual Business Conference assembled, on this 23rd day of June, 1959, by this act retain Lindley S. Crowder on its staff of employed personnel, subject to the call and under the supervision of the Executive Vice President, as Finance and Investment Counselor, and for such other duties as the Executive Vice President may assign to him, for a period of three years or until the Annual Business Conference in 1962, and that he be an ex officio member of the Board of Directors and of the Executive and Finance Committees for a period of three years or until the Annual Business Conference in 1962, at which time his full retirement will become effective, his salary to be fixed by the Board of Directors.

Garnishment of Wages and Salaries of Federal Employee Judgment-Debtors

WHEREAS, the membership of the National Retail Credit Association is comprised of 47,000 members engaged in every line of business where consumer credit is an economic factor, including department and apparel stores, furniture, musical instruments and household appliance stores, hospitals, banks, loan and finance companies, utility companies, petroleum companies, hardware, lumber and building materials, jewelers, etc., and thus represents every phase of the economy where consumer credit is extended to the public; and

WHEREAS, Representative Thomas B. Curtis of Missouri re-introduced in the House of Representatives at the beginning of the 86th Congress a bill "to provide for the garnishment, execution or trustee process of wages or salaries of civil officers and employees of the United States," known as the Curtis Bill, H. R. 2991; and

WHEREAS, garnishment and attachment laws have been adopted by most states and territories, and the wisdom, fairness and effectiveness, and social and economic benefits, of such laws have been demonstrated;

WHEREAS, some of the benefits that will flow from enactment of the Curtis Bill were succinctly stated by Mr. Curtis on the floor of the House on January 21, 1959 as follows:

"Everyone benefits by the discipline of garnishment

as we have learned long since in the nongovernmental sector of our society. The creditors will benefit. The Federal employees will find their credit rating is improved. The Federal administrators will find that the administrative time they have to spend on the failure of their employees to pay their bills will be lessened." and

WHEREAS, The National Retail Credit Association is on record as having vigorously supported previous attempts to secure similar legislation, particularly a bill introduced in the 78th Congress by then Representative Estes Kefauver of Tennessee, which bill was passed by the House, but failed of passage by the Senate;

NOW THEREFORE, BE IT RESOLVED, that the National Retail Credit Association records itself in favor of passage of the aforesaid Curtis Bill, H. R. 2991, providing for the garnishment of wages and salaries of civil judgment-debtor Federal officers and employees, and urges early action thereon.

Instalment Credit Controls

WHEREAS, the membership of the National Retail Credit Association is comprised of 47,000 members engaged in every line of business where consumer credit is an economic factor, including department and apparel stores, furniture, musical instruments and household appliance stores, hospitals, banks, loan and finance companies, utility companies, petroleum companies, hardware, lumber and building materials, jewelers, etc., and thus represents every phase of the economy where consumer credit is extended to the public; and

WHEREAS, Senator Prescott Bush of Connecticut has introduced a bill S. 63, "to authorize the Federal Reserve Board to impose controls over instalment credit in connection with sales of consumers' durable goods";

and

WHEREAS, at the present time there appear to be ample supplies of consumer goods, especially of household durable goods and appliances; and

WHEREAS, the total outstanding volume of consumer

(Turn to "Notes," page 23.)

Exhibitors at the Dallas Conference

On the next two pages are pictures of the exhibitors taken at the Dallas Conference. They are:

- 1. Rogersnap Business Forms Company, Dallas, Texas.
- 2. Hilton Carte Blanche, Los Angeles, California.
- 3. Retail Merchants Association of Texas, Austin, Texas.
- 4. National Retail Credit Association, St. Louis, Missouri.
 5. American Automatic Typewriter Company, Chicago, Il-
- 6. Minnesota Mining and Manufacturing Company, Minneapolis, Minnesota.
 - 7. Recordak Corporation, New York, New York.
- 8. Western Union Telegraph Company, New York, New York.
- 9. Remington Rand, New York, New York.
- Elliott Addressing Machine Company, Dallas, Texas.
 Associated Credit Bureaus of America, St. Louis, Mis-
- souri.

 12. A. J. Wood Research Corporation, Philadelphia, Pennsylvania.
- 13. The National Cash Register Company, Dayton, Ohio.
 14. Farrington Manufacturing Company, Needham Heights,
 Massachusetts
- 15. Encyclopaedia Britannica, Dallas, Texas.

EXHIBITORS, INTERNATIONAL CONSUMER CREDI



CONFERENCE, DALLAS, TEXAS, JUNE 21-25, 1959



Report of the President

J. C. Gilliland

AT THE TIME of my election as your President I had no idea that within four months I would change employers and move to another city. When the change did occur I realized it would, of necessity, curtail my activities as President. I offered to resign the office, if this was considered best for the Association, but was advised to continue on a lessened travel program.

In my opinion, the Association has made substantial progress in five specific areas, during the year.

First, we added William H. Blake to our official family. Based on his background, prior progress and the favorable impression he has created in the Districts he has visited, it seems certain he will contribute substantially to the success of the more dynamic role envisioned for N.R.C.A. from now on.

Second, after getting off to a poor start on our membership program, because of circumstances which reflect discredit on no one, we were really fortunate in getting Charles F. Sheldon to serve as National Membership Chairman. From the day he accepted the job, he has worked at it aggressively, enthusiastically, and competently. With his wide contacts in all three groups—Credit Managers, bureaus and Breakfast Clubbers—and his ability to get others to work with him, Mr. Sheldon should make 1959-1960 one of our banner membership

Third, The CREDIT WORLD has been given some trial face liftings and more are to come. Arthur Hert has the know-how and with some relief from the pressures of other duties, much will be accomplished toward increasing the influence exerted by our publication and the interest of our members in it.

Fourth, Leonard Berry's good job as our Human Relations envoy and Director of Credit Education receives constantly wider acclaim. Mr. Berry made definite progress in bringing N.R.C.A. to the attention of the Medical-Dental-Hospital publics this past year. When the size of these groups is considered relative to potential addition as N.R.C.A. members, the importance of his efforts comes into focus.

Fifth, definite progress was made in the development of programs of specific interest to the granters who make up the various groups which comprise N.R.C.A. The first results of these efforts were reflected in the expanded advance publicity given to the group meetings at the Dallas Conference. J. E. R. Chilton, Jr., contributed much to this plan for generating greater group participation. Many members consider this to be one of our most important projects and it should be developed as such.

Having taken an active part in four other associations with direct interests in the field of consumer credit, it is still my honest belief that N.R.C.A. is, and must continue to be, the foremost consumer credit association. Under the competent guidance and aggressive leadership which the Board of Directors has provided, our goal of 100,000 members, and the increased prestige and influence for good, which they will make possible, are certain of attainment.

To General Manager-Treasurer Crowder and his staff, I express sincere thanks for the help and guidance they gave me not only as President, but also during my terms as Vice President. No one can be as close to Mr. Crowder as your Officers have been, without gaining stature from his wisdom and integrity.

It has been a privilege, an honor, and an education to serve as your President. I shall always be grateful to you for having given me the opportunity to do so.

Report of the General Manager-Treasurer

L. S. Crowder

AM DELIGHTED to submit this, my 25th Annual Report, and the following Summary of Progress for the past quarter century.

The year just closed has been a most satisfactory one, with the exception of our membership showing. It was a poor year from the standpoint of new members as well as cancellations.

Membership

Although our new members for the year totaled 7,204, it was 1,741 less than last year, and cancellations of 6,987 exceeded the previous year by 595. As of May 31, our total membership was 46,908.

The four leading districts in membership follow: District 10, 11,503; District 8, 6,048; District 5, 4,953; District 11, 4,727.

The following four districts reported the greatest number of new members: District 10, 1,631; District 8, 1,295; District 11, 852; District 3, 657.

Membership standing of the four leading associations follows: Denver, Colorado, 1,193; Portland, Oregon,

1,182; New York, New York, 1,176; Seattle, Washington, 1,114.

William H. Blake

Am glad to report that Mr. Blake has taken hold nicely, has found the work interesting and I am sure will prove a highly succesful administrator. He has several projects in mind, two of which were discussed by the Finance Committee at its meeting in St. Louis on May 27, 1959, and which will be presented to the Board at Dallas. He brings with him to the National Office excellent association experience, which I am sure will prove a distinct asset to us in the years to come. Mr. Blake has purchased a home in Clayton and his family moved to St. Louis in July.

Rearrangement of Office Duties

Have suggested to the Chairman of the Constitution and Bylaws Committee, W. C. Goodman, a realignment of duties, which will be covered by his report and which I hope will be approved by the Board of Directors on Monday, June 22, and by the conference on Tuesday morning, June 23.

Finances

There was an appreciable increase in our cash balance, which was \$53,680.52, or \$20,002.70 more than year ended May 31, 1958. Current assets amounted to \$120,253.31, an increase of \$14,147.03 over last year.

Pension Reserve Investments

Stock purchases for the year just closed were approved by the Finance and Executive Committees. The amount invested in stocks and one \$1,000.00 Sperry Rand Debenture Bond totaled \$47,598.05. We had \$326.32 cash in the bank at the end of May giving us a total of \$47,914.37. Market value of stocks on May 31, 1959 totaled \$58,471.12, an appreciation of \$10,873.07.

Credit Schools

As in the past Sterling Speake's credit schools and S. H. Womack's courses in Public Relations have been favorably received. It is a service that our members appreciate and I am glad to announce that starting in the middle of September Waldo Marra, author of Streamlined Letters and for many years Correspondence Director of the Bank of America, will conduct schools in Letter Writing. He will operate on the same basis as Speake and Womack, two nights of three hours each, and the fee will be \$10.00, \$2.00 of which will go to the credit bureau or sponsoring association. Copy of his new book Junior Edition of Streamlined Letters, which is about ready to go to press, will be given to each enrollee. The price of the book will be \$2.00.

National Retail Credit Week

National Retail Credit Week is growing in popularity and a successful consumer educational job is being done in many cities of the United States and Canada. Report of Educational Director Leonard Berry goes into more detail.

Field Activities

Spent 73 days in the field, visiting 30 cities in 15 states and the District of Columbia. Attended two district meetings—District 11 at Sacramento, California in February and District 1 at Swampscott, Massachusetts in May.

President Gilliland attended the meeting of the Credit Granters' Association of Canada at Windsor, Ontario in February, the meetings of District 6 at Minneapolis and Districts 3 and 4 at Atlanta in April. Mr. Blake also attended the latter meeting. Vice President Earle A. Nirmaier represented the National Association at the meeting of Districts 2 and 12 in White Sulphur Springs in February. Leonard Berry attended the meetings of District 5 at Cincinnati in February and District 7 at Tulsa in March. Vice President Blair and Mr. Blake attended the meeting of District 9 at Salt Lake City in May and Vice President Brumbaugh was at the District 10 meeting in Tacoma on the same dates.

Cooperation

This being my last report in an official capacity, I want to take this occasion to thank not only the past and present officers of N.R.C.A., ACBofA, and the CWBC of NA, but the many members of the three organizations for the splendid cooperation I have received over the last quarter century. It has contributed greatly to the growth and success of the Association, as has the continued devotion and interest of the loyal members of the National Office staff. To them I extend my grateful thanks.

June 1, 1934-May 31, 1959

	Receipts	Disburse- ments	Cash Balance	Current Assets
1935	\$ 61,826.00	\$ 59,516.00	\$ 5,547.52	\$ 16,454.94
1939	85,908.00	78,107.00	20,142.80	37,924.12
1944	79,894.00	84,126.00	19,910.39	37,197.70
1949	148,005.00	142,047.00	29,370.78	64,300.90
1954	201,216.00	192,643.00	30,643.06	82,080.13
1959	267,072.99	247,070.29	53,680.52	120,252.31
		Supplie	es for	Credit
	Membersh	ip Rese	ale	Education
1935	11,711	\$ 3,35	4.06	\$ 788.00
1939	14,780	3,79	6.00	10,871.00*
1944	15,150	5,60	4.00	2,481.00
1949	25,436	13,92	5.00	9,454.00
1954	35,094	19,86	0.00	15,807.00
1959	46,909	28,56	00.00	17,078.00

* Result of Credit Schools in Retail Credit Fundamentals

Furniture and Equipment purchased-\$32,601.03

Investment in Building—\$74,708.85, including Buy-a Brick Contributions of \$11,386.00

Pension	F	2]	a	ır	1	I	3	68	se	r	v	e	-	S	to	00	el	2.5	3	8	T	id	l	I)(el	bi	er	11	u	ir	е					
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Dividend	ls		1	·e	ec.	e	i	VE	ed	l	ŧ	0		678	1	3	1	/	59	9												\$	0.0	3,2	288	3.7	5

Market Value Securities 5/31/59 \$58,471.12

UPON TAKING CHARGE of the National Office on July 1, 1934, a physical count was made of the membership cards and the financial condition of the Association reviewed. The following is from my report for year

25 Years of Progress

ended May 31, 1935:

"A physical count was made of membership cards early in July 1934, with result that a discrepancy of 1,268 was found. The membership, as of April 1934, was shown as 13,270 while it should have been 12,004. Members of the Supervising Collection Department numbering 495, owned and operated by credit bureaus, were cancelled in December 1934, inasmuch as many bureau managers were of the opinion that they should not be compelled to hold two memberships, in which I concurred. Privately owned Collection Departments, numbering 34, continued as members and paid dues of \$5.00 each

"As of June 31, 1934, the assets of your Association were divided between the Association and the National Consumer Credit Reporting Corporation. Accounts receivable of the Association, the Service and Supervising Collection Departments of NCCRC were retained by the respective departments. Before the transfer, \$3,500.00 in cash and real estate bonds in the amount of \$8,000.00 were transferred to the National Consumer Credit Reporting Corporation, representing amount due the Coupon Account of the Service Department. The balance on hand in the amount of \$542.64 was divided equally, as was the amount owed by the Association, which totaled \$2,985.94. The management therefore started out July 1 with a deficit of \$1,221.65 (excluding accounts receivable) and with a shortage of equipment."

Our District Organization was formed, in accordance

with action of the Memphis Convention in June 1934. Eleven Districts were created, each having its own officers, directors and constitution and bylaws.

By resolution adopted at our Silver Anniversary Conference at Spokane in June 1937 the Credit Women's Breakfast Clubs of North America was made a division of the National Retail Credit Association.

September 1938—Published Retail Credit Fundamentals by Dr. Clyde Wm. Phelps. The book is now in its third printing; sales have totaled 55,000 copies.

May 4, 1939—Daniel J. Hannefin, Editor of The Credit World and author of the Better Letters Service passed away suddenly. Waldo Marra took over the Better Letters Service and Arthur H. Hert became Associate Editor of The Credit World.

January 1940—In cooperation with the Associated Credit Bureaus of America we announced completion of the sound slide film "Credit—The Life of Business," which was favorably and enthusiastically received. Waldo Marra's book Streamlined Letters was published in the late summer of 1940, in time to organize schools for the fall and winter.

November 1941—Decision of the United States Tax Appeals Board in our favor, based on the trial of the case held in St. Louis that spring, as a non profit organization not subject to tax was entered and became effective as it was not appealed by the Commissioner of Internal Revenue.

1942—In February J. Gordon Dakins, Retail Credit Manager, British American Oil Company, Toronto, was added to the National Office staff as Educational Director. At the conference held in New Orleans in June, on my recommendation the Board of Directors adopted a policy permitting the payment of 25 cents per member to all Districts for new members and renewals.

1943-In line with the recommendation of the Office of Defense Transportation, the annual conference, which was to have been held in Milwaukee in June, was cancelled, with the understanding that the next regular convention would be held in that city. In the absence of a National Convention a Retail Credit Forum, for the discussion of Regulation W, was held in St. Louis in June. Attendance was approximately two hundred and fifty. President Joseph A. White appointed 110 Post War Planning Committees, located from coast to coast. During that year correspondence courses in "Retail Credit Fundamentals" and "Streamlined Letters" were announced and booklets "The Layman's Handbook of Regulation W" and "Soldiers' and Sailors' Civil Relief Act" were published. In June a new "Better Letters Service" under the direction of J. Gordon Dakins was

March 1944—J. Gordon Dakins resigned as Educational Director to accept position as Manager of the Credit Management Division, National Retail Dry Goods Association. On March 3, 1944, the Kefauver Bill, H.R. 2985, providing for the garnishment, execution of Trustee process of wages and salaries of civil employees of the United States was passed by Congress. It was referred to the Honorable Carl Hatch of New Mexico, chairman of the sub-committee of the Senate Judiciary Committee. Unfortunately it was buried by that committee and did not reach the floor of the Senate during that session of Congress. As a result it eventually died.

1944-1945—The following paragraph on "Credit Education" is from my report for that year: "Our extension courses in 'Retail Credit Fundamentals' and 'Streamlined Letters,' which were announced in February 1943, have been favorably received. The Better Letters Service continues to render a real service to our members,

who appreciate this splendid aid. Retail Credit Management, the second book of our series on credit by Dr. Clyde Wm. Phelps, has been revised and as soon as possible after the defeat of Japan it will be published." On instructions from the Office of Defense Transportation no convention was held in 1945.

August 1, 1946—W. H. Butterfield joined the staff of N.C.R.A. as Educational Director and Editor of the Better Letters Service. He came to us from the University of Oklahoma, where he had been chairman of the Department of Business Communication.

In the fall of 1946 we published How to Write Good Credit Letters by Mr. Butterfield and early in 1947 Important Steps in Retail Credit Operation by Dr. Clyde Wm. Phelps. A second section was added to How to Write Good Credit Letters, which contained many samples of letters. The book, Retail Credit Management, by Dr. Phelps was revised but printing was delayed because of high prices and the inferior quality of paper and bindings.

January 31, 1948—Mr. Butterfield resigned to accept a position as Vice President in charge of Public Relations, DePauw University, Greencastle, Indiana. His former associate, Kenneth B. Horning of the University of Oklahoma was engaged to edit the Better Letters Service.

March 24, 1948—The death of Washington Representative R. P. Shealey was announced. He had been with the Association for 20 years.

1949—Retail Credit Management, by Dr. Clyde Wm. Phelps, was published early in the year. Harold Schilz of Washington and John F. Clagett, his associate, were named Washington Representatives. Leonard Berry accepted the position of Educational Director and reported for duty September 1, 1949.

1950—Harold Schilz was granted a temporary leave to accept an assignment with the National Production Authority; John F. Clagett to continue as our Washington Representative. Courses in "Important Steps in Retail Credit Operation" for smaller communities were announced in the fall of 1950.

1951—We moved from the Shell Building to our National Headquarters Building in University City, a suburb of St. Louis, on March 10. An Open House, attended by approximately 300 members and friends of the Association, was held on April 12. Mortgage for \$26,000.00 executed April 17, 1951 in favor of the Plaza Bank of St. Louis, was reduced to \$17,000.00 during the year. The cost of the building was \$74,549.70. "Buy a Brick" contributions to the building fund totaled \$11,473.15.

1953—The mortgage on the National Headquarters Building was paid in full on April 17, 1953. This was accomplished by an advance from N.R.C.A. of \$9,896.91, which was subsequently repaid. Early in the year, while in Austin, Texas, I arranged with Sterling S. Speake of the Extension Department of the University of Texas to conduct credit schools in Phelps' "Retail Credit Fundamentals." He was granted a year's leave of absence by the University and assumed his duties February 1. A new book, Physicians' and Dentists' Credit and Collection Manual by Leonard Berry, was published, and a Retail Credit Institute, under the direction of Mr. Berry, was held for one week in July 1953 at the University of Oklahoma, Norman, with 52 students attending.

1954—In his first year with the Association Sterling Speake conducted 39 credit schools. Retail Collection Procedure and Effective Collection Letters by Leonard Berry, was published. Our first National Retail Credit Week, May 9-15, was very successful.

1955—Our second National Retail Credit Week, April 24-30, was highly successful, with 465 portfolios mailed to 381 cities in 38 states and 84 cities in seven provinces of Canada. Sterling Speake conducted 39 schools in 23 states and four provinces of Canada, with an enrollment of 2,963. A new N.R.C.A. 16 millimeter educational film "The Good Things of Life—on Credit" was shown in many cities during National Retail Credit Week.

In the fall of 1955 the Credit Women's Breakfast Clubs of North America was incorporated as a separate organi-

zation, affiliated with the N.R.C.A.

1956—National Retail Credit Week was again very successful. Sterling Speake conducted 43 schools in 17 states and 2 provinces of Canada. Since starting with the Association on February 1, 1953 he had conducted

1,258 schools with an enrollment of 10,457.

1957—Sterling Speake conducted 52 schools in 22 states and one province of Canada, with an enrollment of 4,077. National Retail Credit Week was very successful, with 300 portfolios distributed. Every state in the Union, the Territory of Hawaii and thirteen cities in Canada partcipated. In May we announced a new course, "Public Relations in Business," by S. H. Womack of the Extension Department of the University of Texas, training consultant in public relations.

On invitation of the United States Chamber of Commerce the National Association entered the Achievement Award contest of the Chamber. Our project was the 1957 National Retail Credit Week promotion. We received the top award for our class and the plaque, which occupies a prominent place in the National Office, reads as follows: "Chamber of Commerce of the United States Distinguished Achievement National Recognition Award, 1957, National Retail Credit Association—For significant contribution to the public interest."

On April 1, 1957 George L. Peterson joined our staff as Executive Assistant, resigning February 28, 1958 to accept a most promising position with a large electrical contracting firm in Atlanta, Georgia. While on our staff Mr. Peterson made a study of Chapter 13 of the Bankruptcy Act. He spent some time observing the handling of bankruptcies in the United States District Court, Birmingham, through the courtesy of Clarence W. Allgood and Herbert R. Maulitz, Referees in Bankruptcy. The results of the survey were published in the November 1958 issue of The Credit World.

1958-1959—Two new books were published, Hospital Credit and Collection Manual and Making Credit Profitable, both by Leonard Berry. In cooperation with the CWBCofNA arrangements were made with the University of Wisconsin for an extension course in Retail Credit.

Following is summary of my field activities:

Approximate	number	of	years	in	field		71/4
Approximate	distance	tra	veled			.500,000	miles
Cities visited	1		*****				1,123
States visited	d						198
Provinces vis	ited						23
Hawaii							1
Alaska							1
Addressed cr	edit gran	ters				1	04,232
Appearance 1	before Hi	gh	School	, No	ormal	School	
and Louisia	ana State	U	niversi	ty s	tuden	ts	3,445

Report of Secretary and Research Director

Arthur H. Hert

DURING 1958-1959, nine issues of The CREDIT WORLD were dedicated to the various units throughout the United States and Canada. They were: Schnectady, New York, July 1958; Rochester, New York, August 1958; Calgary, Alberta, Canada, September 1958; Akron, Ohio, October 1958; Pensacola, Florida, November 1958; Canton, Ohio, December 1958; Florence, Alabama, January 1959; Leesburg, Florida, February 1959; and Colorado Springs, Colorado, June 1959. Other cities have been scheduled for the remaining months of 1959. Many local units have asked us to devote an issue of The CREDIT WORLD to their city. This gives various cities a considerable amount of publicity about the operation of the local credit associations and credit bureaus as well as an opportunity for many of our members to contribute articles on credit subjects.

It is still our desire that we include comparative collection percentages in The Credit World in the near future. These figures were discontinued in 1957 as they were quite difficult to secure in time to be inserted in the current edition and it was also felt that the figures were no longer comparable due to the different ways of figuring the percentages as a result of the many credit

plans now in effect.

The Credit Clinic Department continues to be a popular section of the publication. We have several new plans which we want to try in order to create additional interest in this department as well as to secure a more prompt response to our requests for information. We

wish to thank those members who have made this department such a success over the years.

On January 11-15, 1959, I attended the annual meeting of the American Retail Association Executives held at Statler Hilton Hotel, New York, New York. At the same time I attended the business meeting of the Credit Management Division of the National Retail Merchants Association. I was also invited to attend the luncheon of the Board of Directors and to a press conference following the luncheon.

The balance of my time was devoted to the administration of the various duties necessary to the smooth operation of the National Office on the occasion of General Manager-Treasurer Crowder's many trips from the city.

I wish to thank our members for their continued interest and cooperation for the past quarter of a century. My thanks, also, to the officers, directors, and National Office staff for their able assistance at all times.

I am "PROJECT P-U-S-H." Watch for double page announcement in the September Credit World.

Report of Educational Director

Leonard Berry

IT IS WITH PLEASURE that I submit my ninth annual report.

During the fiscal year, two new publications have been added to our range of instructional manuals. The first is a paper-bound, 38 page booklet, titled Making Credit Profitable, and the second a color-board manual similar in format to our three preceding manuals, titled, Hospital Credit and Collection Manual. Both have been well accepted and sales to date have been satisfactory. The Catholic Hospital Association as endorsed the hospital manual and generously gave us a full-page advertisement in Hospital Progress, their monthly publication.

I represented N.R.C.A. and appeared on the programs of District Conferences Five at Cincinnati, Ohio in February, and Seven at Tulsa, Oklahoma in March. Both were well attended and excellently managed.

I participated in the final Credit and Collection Clinic, sponsored by the Catholic Hospital Association, at New Orleans, Louisiana, September, 1958. This has been a very rewarding experience and has resulted in many sales of our new hospital manual.

In February, 1959, I taught a Course on Business Letter Writing at the ACBofA Management Institute at the University of Texas, Austin, Texas.

In August, 1958, I participated for the second time in an "Executives Training Institute" sponsored by the National Retail Furniture Association. A similar invitation has been accepted for August, 1959.

Fifteen letter writing schools have been held during the fiscal year. These included several in the Pacific Northwest in the early part of 1959. Cities visited included Vancouver and Victoria, B.C., Tacoma, Bremerton, Pasco, Everett and Seattle, Washingtin.

Several medical groups have been addressed by invitation during the year, including conferences at Pittsburgh, Pennsylvania, St. Louis, Missouri, Rochester, New York, East St. Louis, Illinois and Madison, Wisconsin. We are receiving an increasing number of invitations to appear before hospital, medical and dental groups and wherever possible, these invitations are being accepted. Expenses are invariably paid by the

Several meetings of local credit associations, annual meetings of credit bureaus, credit women's breakfast clubs, sales executives clubs, civic and social clubs, trade association meetings, business conventions, etc.

were addressed, on invitation, and with expenses in every case paid by the sponsors of the events.

Both our fine field lecturers, Sterling S. Speake and S. H. Womack, continue to meet with enthusiastic reception from their many audiences. Since Mr. Speake began his work with N.R.C.A. in February, 1953, he has conducted 277 schools with a total enrollment of 22,030 students. In this fiscal year, he has held 45 schools, with enrollment of 3,144.

Mr. Womack, who completes his first full year with us has conducted 32 schools during the fiscal year with an enrollment of 2,700 students. This makes a total of 59 schools, and total enrollment of 5,200 since he began work with us in August, 1957.

Beginning in September, 1959, we will add a third lecturer to our field staff, Mr. Waldo J. Marra, author of N.R.C.A.'s excellent textbook, *Streamlined Letters*. Mr. Marra will conduct a course on a similar basis to those offered by Mr. Speake and Mr. Womack, on the subject *Streamlined Letters*. We are delighted to add Mr. Marra to our outstanding field educational staff.

The "Effective Credit and Collection Letters Service" which consists of a monthly bulletin containing two pages of commentary on letter writing and four original credit and collection letters, continues to be my responsibility. Our current paid mailing list numbers 169. I have handled this since January, 1950. The "Credit Department Letters" page and the "Credit Clinic" features of The Credit World are also my responsibility and continue to meet with approval of our members. We are grateful for the fine cooperation of our members in helping to make these two popular features successful and helpful.

National Retail Credit Week was observed beginning Sunday, April 19 and ending Saturday, April 25, 1959. Helpful material, including a reprint from The CREDIT WORLD describing the Philadelphia program, was sent to those requesting it. We know that the Week was celebrated to a lesser or greater degree in several hundred North American communities. We have received several excellent reports and details of coverage. Our plans for 1960 include expanded assistance to local committees.

To the Officers and Directors, the members of the various committees, and to all our members I express my sincere thanks for their continued confidence. To L. S. Crowder, Arthur H. Hert and to the National Office Staff, my thanks for their unfailing cooperation.

Report of the Educational Committee

David K. Blair, Chairman

OUR EDUCATIONAL PROGRAM has two purposes:

 To educate the credit granter to do his job more efficiently.

To educate the consumer in the wise and further use of credit.

In the field of Credit Granter Education our major emphasis this year has been on the courses which have been presented throughout the country by Sterling S. Speake, S. H. Womack and Leonard Berry. These men have given instructions to thousands of our members and the response to their efforts has been enthusiastic. In addition this year we will add the services of Waldo Marra who will follow the plan adopted by Messrs. Speake and Womack in conducting a course on Better Letter Writing. The addition of Mr. Marra to our staff will relieve Leonard Berry from some of his responsibilities in that field and allow him more time for directing our general educational program.

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credit is not excessive in the light of total national income, savings, debt, and other factors; and, further, that productivity and total Gross National Product have increased; and

WHEREAS, even the standby power to control consumer credit implies practically the power to limit

markets; and

WHEREAS, the power to limit markets makes it impossible for business and industry to move forward with production and distribution planning, the investment of capital, and the employment of labor, to the fullest extent within sound economic principles; and

WHEREAS, the net effect, therefore, of standby control authority, even though not used, is to limit the natural and needed progress in the direction and enlargment of the nation's productivity and distribution

capacity;

NOW, THEREFORE, BE IT RESOLVED, that the National Retail Credit Association records itself as opposed to the enactment of S. 63, or any similar legislation; it recommends that it should not be the policy of the national Government to subject consumer instalment credit to either standby or actual controls; and that, further, in the eventuality of war or other national emergency, the question of the institution of controls, such as Regulation W in World War II, should remain solely in the hands of the Congress of the United States.

Skiptracing Names Indicating Federal Agency

WHEREAS, the membership of the National Retail Credit Association is comprised of 47,000 members engaged in every line of business where consumer credit is an economic factor, including department and apparel stores, furniture, musical instruments and household appliance stores, hospitals, banks, loan and finance companies, utility companies, petroleum companies, hard-

During the year progress has been made on the joint program of Credit Granter Education which is being sponsored with the Credit Women's Breakfast Clubs of North America, through the University of Wisconsin. It should not be long now before this course will be available. We can look forward to increased activity in this field. Your Committee will present to the Board of Directors plans which will considerably strengthen our program.

In the field of consumer education, National Retail Credit Week remains our prime activity. As the years go by interest in this program has been gradually growing and the programs developed by the various local associations during this most recent celebration of the Week have been noteworthy. Many local associations have developed programs of consumer education in conjunction with local school systems. By such efforts many high school and college students are being made aware of the importance of consumer credit in their lives and their responsibility in its use.

To our members who have given so unselfishly of their time in the education of the younger generation we give sincere thanks. Also, we thank the National Office staff for their efforts in assisting these Educational Committees. Without the wise guidance and assistance of Messrs. Crowder, Hert and Berry, these committees could not have achieved the accomplishments of this year.

ware, lumber and building materials, jewelers, etc., and thus represents every phase of the economy where consumer credit is extended to the public; and

WHEREAS, the Federal Trade Commission through issuance of complaints and cease and desist orders has sought to prevent use of certain deceptive acts or practices in commerce in connection with skiptracing operations, violative of the Federal Trade Commission Act; and

WHEREAS, among the deceptive acts and practices which the Trade Commission had condemned by such cease and desist orders has been the use by a few skiptracing operators of names, pictures, emblems and insignia on advertising circulars, letterheads and forms, usually coupled with a District of Columbia address, and which the Commission has found simulated a direct or indirect connection with an agency or department of the United States; and

WHEREAS, enforcement of the Commission's orders directing discontinuance of the use of such names, pictures, emblems and insignia, indicating Federal agency, has been rendered difficult by changes in format of operation, firm name, location, or other similar evasive

tactics; and

WHEREAS, Senator William Langer of North Dakota has introduced a bill, S. 355, to prohibit the use by collection agencies (to include skiptracing operators) or private detective agencies of names, emblems or insignia "reasonably calculated to convey the false impression that such business is a department, agency, bureau, or instrumentality of the United States or in any manner represents the United States," and imposing a penalty for violation thereof;

NOW, THEREFORE, BE IT RESOLVED, That the National Retail Credit Association records itself in favor of, and endorses in principle, legislation designed to prohibit the use of names, emblems and insignia where such is intended to convey the false impression that a private skiptracing or collection business, so using such names, emblems or insignia, is a department or agency of the United States, or in any manner represents the United States.

Quarter Century Club Breakfast

THE FOURTEENTH Annual Breakfast of the Quarter Century Club of the National Retail Credit Association was held at 7:00 a.m., Wednesday, June 24, 1959, at the Statler-Hilton Hotel, Dallas, Texas. The following

were present:

William R. Arendt, Credit Bureau of Little Rock, Little Rock, Arkansas; Dean Ashby, The Fair, Fort Worth, Texas; W. H. Bailey, Creditors Service Bureau, Dallas, Texas; Ted E. Barger, Credit Bureau of Lincoln, Lincoln, Nebraska; Wilbur J. Barloon, Credit Bureau of Scott County, Davenport, Iowa; E. K. Barnes, First National Bank, Spokane, Washington; Leonard Berry, N.R.C.A., St. Louis, Missouri; A. C. Bittle, Credit Bureau of Knoxville, Knoxville, Tennessee; Kaa F. Blue, Foundation Plan, Inc., New Orleans, Louisiana; Harland Bush, Credit Bureau of Geneva, Geneva, New York; John Canavan, Credit Bureau of Boston, Boston, Massachusetts; John R. Clark, Monnig's, Fort Worth, Texas; Clayton E. Cormier, Credit Bureau of Bay City, Bay City, Michigan; L. S. Crowder, N.R.C.A., St. Louis,

Missouri; Herman A. Dorsch, N. Hess & Sons, Baltimore, Maryland; Thomas Downie, Credit Bureau of Vancouver, Vancouver, B. C., Canada; J. R. Ferguson, City of Paris, San Francisco, California; J. C. Gilliland, Fingerhut Manufacturing Company, Minneapolis, Minnesota; E. L. Goodman, Burger-Phillips, Birmingham, Alabama; Wimberley C. Goodman, Reynolds-Penland Company, Dallas, Texas; G. Grosz, Credit Bureau of Fargo, Fargo, North Dakota; Jerry Harris, Creditors Service Bureau, El Paso, Texas; James D. Hays, Credit Bureau of Harrisburg, Harrisburg, Pennsylvania; Arthur H. Hert, N.R.C.A., St. Louis, Missouri; P. A. Howell, Hemenway Furniture Company, Shreveport, Louisiana; Owen M. Jones, Washer Brothers, Fort Worth, Texas; Carl G. Kaessner, Kaufmann's, Pittsburgh, Pennsylvania; M. S. King, Haltom's Jewelry Company, Fort Worth, Texas; Fred S. Krieger, Credit Bureau of Milwaukee, Milwaukee, Wisconsin; J. Kenneth Lawler, Credit Bureau of Worcester, Worcester, Massachusetts; Ben Leyerle, Oklahoma Gas and Electric Company, Oklahoma City, Oklahoma; N. M. Mac-Leod, Credit Bureau of Spokane, Spokane, Washington: Mrs. Stella Manning, The Fashion, Beaumont, Texas; Fred C. Marth, A. Harris & Company (Retired), Dallas, Texas; Ralph W. Matthews, Credit Bureau of Kalamazoo, Kalamazoo, Michigan; Max Meyer, Credit Bureau of Lincoln, Lincoln, Nebraska; Harry Northey, Rice's Fashion Corner, Norfolk, Virginia; H. Reed Pollard, Smith & Welton, Inc., Norfolk, Virginia; W. G. Readhimer, Credit Bureau of Shreveport, Shreveport, Louisiana; Hugo Seelbinder, Credit Bureau of Fort Smith, Fort Smith, Arkansas; Royce Sehnert, The Wichita Eagle, Wichita, Kansas; Louis Selig, Rosenfield's House of Fashion, Baton Rouge, Louisiana; Mrs. Irene Shambaugh, Credit Bureau of Newton, Newton, Kansas; William Streeter, Boutell's, Minneapolis, Minnesota; H. M. Tobolowsky, E. M. Kahn & Company, Dallas, Texas; E. A. Uffman, Credit Bureau of Baton Rouge, Baton Rouge, Louisiana; Joseph A. White, The Fair, Chicago, Illinois; D. E. Wickham, Credit Bureau of St. Catherines, St. Catherines, Ontario, Canada; Clarence E. Wolfinger, Lit Brothers (Retired), Philadelphia, Pennsylvania; and (Guests) Herb Barnes, Field Secretary, N.R.C.A. 10th District, Portland, Oregon, and William Henry Blake, Executive Vice President, N.R.C.A., St. Louis, Missouri.

There are now 435 members in the Quarter Century Club and 186 Honorary Life Members. Fifty-one were present at the gathering. Mr. Crowder took the occasion to explain the requirements for eligibility which are: The Quarter Century Club of the National Retail Credit Association is composed of persons who have represented firms or credit bureaus holding membership in the National Retail Credit Association for 25 years or more. They may have been employed by one or more firms or credit bureaus during that time. The membership records at the National Office must show the individual as a representative of the firm or firms. The same rule applies to individual memberships, including those self-employed.

New officers elected for the year 1959-60 are: Clarence E. Wolfinger, Philadelphia, Pennsylvania, president, and Mrs. Irene Shambaugh, Newton, Kansas, secretary. As there are no dues or funds, no treasurer was

elected. The host for the Breakfast is the National Retail Credit Association.

All those eligible are cordially invited to attend the next Annual Breakfast at the 46th Annual International Consumer Credit Conference at Chicago, Illinois in June, 1960.—Mrs. Irene Shambaugh, Secretary, Credit Bureau of Newton, Newton, Kansas.

RESOLUTION

Lindley Stoner Crowder

WHEREAS, Lindley Stoner Crowder has given his heart and soul with increasing devotion and dedication to the sound development of Consumer Credit for the past 25 years as General Manager-Treasurer of the National Retail Credit Association; and

WHEREAS, His outstanding leadership throughout the length and breadth of this continent has been the inspiration to countless men and women engaged in the improvement of social and economic life of these United States and the Dominion of Canada through the wise use of consumer credit; now, therefore be it

Resolved, That the Associated Credit Bureaus of America, the National Retail Credit Association and the Credit Women's Breakfast Clubs of North America, in conference assembled in Dallas, Texas, do hereby jointly recognize and laud the achievements of Lindley Stoner Crowder and wish him continuing success, happiness and prosperity throughout the years to come.

WITNESS our hands this 25th day of June, 1959. For the Associated Credit Bureaus of America Donald H. Puffer

President
For the Credit Women's Breakfast Clubs of
North America
Mrs. Mary S. Morgan

For the National Retail Credit Association

J. C. Gilliland

President

At the annual banquet of the 45th Annual Consumer Credit Conference, Thursday evening, June 25, 1959, L. S. Crowder was presented with the above resolution by the presidents of the three organizations. The resolution, a beautiful work of art, is hand-lettered and bound with hand-tooled leather. The resolution is colorfully and painstakingly illuminated with exquisite skill and thoughtful care. This process of hand illumination of documents of outstanding value and significance predates printing. Monks of old, laboring in monasteries, spent years hand-lettering historic scripts of immense value, in similar manner.

In accepting the resolution Mr. Crowder said in part: "I shall prize it very highly as a reminder of 25 years of service to the credit granters of North America, a most satisfying and pleasant experience. It will also serve as a reminder of the many friendships formed through the years, my most valued possession."

Attendance Prizes

Attendance prizes were awarded at the three general sessions of the Dallas Conference. Those who were on time and stayed during the entire sessions were eligible. The prizes were twelve choice T-Bone steaks which were one and one-fourth inches thick. They were packed in dry ice and shipped air freight to the two out-of-town winners. The winners were:

Robert Wortman, Sears, Roebuck & Company, Dallas, Texas.

G. W. Crawford, 106 Lucerne Boulevard, Birmingham, Alabama.

Mrs. Lee J. Williams, Retail Merchants Association, Los Angeles, California.

The 12 steaks won by Mr. Wortman were delivered to his home in Dallas.

Membership Prizes

Membership prizes were awarded at the Annual Conference in Dallas, Texas, as follows:

\$100.00 Each

Local chairman reporting greatest number of new members—100 members minimum: J. D. MacEwan, Retail Credit Association of Portland, Portland, Oregon.

State chairman reporting greatest number of new members—200 members minimum: R. A. Jackson, Volk Bros. Company, Dallas, Texas.

District chairman reporting greatest number of new members—500 members minimum: Ernest Reames, Hogg Bros., Salem, Oregon.

First association becoming 100 per cent National—Gordon L. Lewis and James F. Bain, Credit Bureau of Corpus Christi, Corpus Christi, Texas.

Bronze Plaques-New Units

District

- 3. Chapel Hill, North Carolina
- 3. Goldsboro, North Carolina
- 3. Santurce, Puerto Rico
- 8. Wichita Falls, Texas
- 9. Montrose, Colorado
- 10. Chelan, Washington
- 11. Crescent City, California

1958-1959 President's Membership Drive

\$50.00 Checks

Francis Auger, Credit Bureau of Orlando, Orlando, Florida.

C. B. Thompson, Credit Bureau of Victoria, Victoria, Texas.

John T. Wilson, Retail Merchants Association, Wichita Falls, Texas.

General Electric Clock Radios

Mrs. Elsie A. M. Vannebo, Credit Bureau of Lake Chelan, Chelan, Washington.

R. E. Walker, Credit Bureau of Cedar Rapids, Cedar Rapids, Iowa.

Gordon L. Lewis and James F. Bain, Credit Bureau of Corpus Christi, Corpus Christi, Texas.

Airguides

Mrs. Lillie S. Collier, Credit Bureau of Goldsboro, Goldsboro, North Carolina.

J. Roy Faulkner, Credit Bureau of Port Arthur, Port Arthur, Texas.

Earl E. Kerr, Retail Merchants Association, Lubbock, Texas.

Silver Plaques

District 8—Texas. Retail Merchants Association, Wichita Falls, Texas.

I am "PROJECT P-U-S-H." Watch for double page announcement in the September Credit World.

IF each of the 47,000 members of the N.R.C.A. GOT 15/47th of a new member TODAY we would have 62,000 members by TOMORROW but since 15/47th of a member is hard to find ... enroll ONE whole member NOW... it's easier!

CHARLES F. SHELDON
CLARENCE E. WOLFINGER
Co-Chairmen, Membership Committee

CREDIT FLASHES

Walter E. Baab

Walter E. Baab, Manager of Charge Sales and Assistant Secretary, Stern Brothers, New York, New York, died July 1, 1959 in St. Mary's Hospital, Orange, New Jersey. He had been injured in an automobile accident June 10, 1959. He had been credit manager of Stern Brothers for a period of 23 years and previously has served in the same capacity with Franklin Simon & Company and the Knox Hat Company. At the time of his death he was approaching 40 years of service in the profession. He was a past president of the Credit Bureau of Greater New York, having served for three terms, from April 1, 1933 to March 31, 1936 and also been a director for many years. He also was a past chairman of the Credit Management Division of the National Retail Merchants Association, and a director of the Charga-Plate Group of New York. He was a member of the Quarter Century Club of the National Retail Credit Association and had served as a national director. He is survived by his widow and two sons to whom we extend our deepest sympathy.

Consumer Credit for May

CONSUMER INSTALMENT credit increased \$443 million during May after allowance for seasonal influences. Extensions, seasonally adjusted, reached a new high of \$4,045 million, about \$100 million above the previous month. Repayments rose to \$3,602 million. Outstanding automobile credit increased \$177 million, somewhat less than in April, as repayments rose and extensions were about unchanged. Other consumer goods paper expanded \$151 million, the largest seasonally adjusted increase since 1952. Personal loans and repair and modernization loans continued their steady upward trend. Outstanding noninstalment credit rose \$102 million during May after allowance for seasonal influences. The increase reflected primarily an expansion in service credit and charge accounts. Total consumer credit during the month increased \$545 million to a new record level of outstandings.—Federal Reserve Board.

C. W. York in New Position

C. W. York, Credit Manager, J. B. Ivey Company, Charlotte, North Carolina, has resigned to accept the position of Credit Sales Manager, ChargaPlan of the First Union National Bank of Charlotte. Mr. York was Credit Manager of Ivey's for over 15 years.

For Sale

Credit Bureau in Florida with collection department. Population over 50,000. Price \$50,000. Will consider down payment. Box 8593, The CREDIT WORLD, 375 Jackson Avenue, St. Louis 30, Missouri.

Howard W. Leonard

Howard W. Leonard, retired Credit Manager, Joseph Horne Company, Pittsburgh, Pennsylvania, died June 27, 1959, at the age of 78. He was the first man at Horne's to become a 60-year employee. He first retired in 1951 after 57 years of service but was recalled by the store and his second retirement came in January 1955. He was president of the Retail Credit Association on two different occasions, and an honorary life member of the National Retail Credit Association. He was a director of the Credit Bureau of Pittsburgh, and a member of the Better Business Bureau. He was a member of the Bellevue Methodist Church and was superintendent of the North Avenue Methodist Church Sunday School. He also was a member of the Downtown Lions Club, Masonic Avalon Lodge, Bellevue Royal Arch Chapter 286 of the Pennsylvania Society of National Shriners of the American Revolution. He gave generously of his time to various worthy causes. To his two sons, two daughters and nine grandchildren we extend our most sincere sympathy.

-Help Wanted-

HOSPITAL CREDIT EXECUTIVE. Experienced in credit and collection procedures and hospital credit policies. Opening in Midwestern hospital within 50 miles of Chicago. Reply in detail, giving marital status and salary requirements. Box 8592, The CREDIT WORLD, 375 Jackson Avenue, St. Louis 30, Missouri.

-Position Wanted-

CREDIT AND OFFICE MANAGER desires change. Relocate anywhere. Over 12 years' experience in credit, collection, personnel, and office management. Résumé gladly furnished. Age 33. Box 8591, The CREDIT WORLD, 375 Jackson Avenue, St. Louis 30, Missouri.

Annual Conference on Distribution

The 31st Annual Boston Conference on Distribution will be held at the Statler-Hilton Hotel, Boston, Massachusetts, October 19-20, 1959. The Conference has taken "Dynamic Distribution in an Expanding Economy" as its theme.

This is the second consecutive meeting with a strong international flavor. Last year, 40 leaders from 18 countries attended and speakers came from such areas as as Great Britain, Sweden, Japan and Mexico. This year's meeting has placed even more emphasis on world distribution. The Conference is unbiased and neither takes sides or passes resolutions. Its reports are read as valuable adjuncts to management throughout the world.

This spring the Boston Conference moved its headquarters to the Harvard Business School, and at the same time came under the combined sponsorship of the Boston University College of Business Administration, The College of Business Administration at Boston College, The Harvard Business School, Massachusetts Institute of Technology of Industrial Management, Northeastern University's School of Business Administration, and the Retail Trade Board of the Greater Boston Chamber of Commerce.



"Just a note to congratulate you on a splendid conference in Dallas. It was one of the best I have attended. It was a pleasure to see all the folks from the National office again as well as to make the acquaintance of Mr. Blake."—Gordon W. Gray, Secretary, The Cleveland Retail Credit Mens Company, Cleveland, Ohio.

"Recently the Retail Credit Association and the Charlotte Merchants Association sponsored the public relations course by your S. W. Womack. In the past we have sponsored a number of courses that we thought would be of assistance to our credit people but I don't think we have ever had one presented more forcefully and more effectively than Mr. Womack's presentation. He took a big subject that has a lot of big words and broke it down into simple understanding terms."—Charles Dudley, Executive Vice President, Retail Credit Association, Charlotte, North Carolina.

"Thank you for the publications which you sent me recently. They will enable me to understand the basic ideas about credit as in my country we need a lot of changes in the economic pattern. At present there exists no credit facilities. My country is new and we look to the United States for guidance."—Zakir Mashhadi, Commerce Centre, Bunder Road, Karachi, Pakistan.

"Thank you for your letter informing me that I have been enrolled as a member of the Quarter Century Club. The certificate of membership has arrive's and I want you to know that it is greatly appreciated and I consider it quite an honor."—Harold J. Crouch, Credit Manager, Walker Scott Company, San Diego, California.

"Just a note to tell you that I think the 1959 Conference at Dallas was one of the finest I have attended. The entire program indicated that there had been a great deal of planning and hard work beforehand. I also want to extend my personal thanks and appreciation to you for the many years that you have worked so diligently in the best interest of the members of the N.R.C.A. Both you and the members of your staff have always been most willing and helpful whenever assistance has been needed. I am happy to learn that we will still be able to call upon you for advice whenever problems arise."—C. A. Wildes, Secretary-Manager, Credit Bureau of Minneapolis, Minneapolis, Minnesota.

"The years have passed so quickly that it was difficult for me to realize that I had been a member of the N.R.C.A. for the time to entitle me to become a member of the Quarter Century Club. The certificate of membership has reached me and I am most gratified to have this emblem of membership in this section of the Association."—O. M. Prentice, Island Tug & Barge Limited, Victoria, British Columbia, Canada.

"I have been a member of the N.R.C.A. since 1936 and have attended a number of annual credit conferences, both national and district, most of which were excellent, but the Dallas Conference was tops, the greatest of them all. I doubt if there ever will be another its equal."—A. S. Kerby, Grogan Company, Pittsburgh, Pennsylvania.

"Congratulations on the Dallas Conference—it was outstanding. It has been my happy privilege to attend seven International Consumer Credit Conferences but the Dallas Conference, in my opinion, was the best yet. You and your colleagues deserve a lot of credit for making it so very successful."—Lorene Shaw, Nemo Foundations, Toronto, Ontario, Canada.



New Business Letter Writing Course

EFFECTIVE SEPTEMBER 15, 1959, the N.R.C.A. will sponsor a new course throughout the country, Streamlining Your Letters, in cooperation with credit bureaus and credit associations. Waldo J. Marra, Correspondence Consultant of California will be the lecturer. Many communities have expressed an interest in an educational program to improve business letters. Here is an exceptional opportunity to accomplish that. Well-written business letters create good will and make friends.

Each "Streamlined Letters" School will be set up on a two-night basis for a three hour session each night. It will cover the following: Importance of Modern Letters in Business Relations; General Do's and Don'ts; The All-Important "You" Attitude; Dictation Technique; Pre-Planning Letters; Various Ways to Open a Letter; How to Tell the "Story" of the Letter; and How to Persuade in the Ending to Get Desired Results.

The new textbook Streamlined Letters—Jr. Edition by the lecturer, Waldo J. Marra, will be the basis for the course and a copy will be given to each enrollee. The fee for the course will be \$10.00 a person, including the textbook. A minimum of 50 enrollments will be required

Waldo J. Marra, author of our textbook Streamlined Letters who will conduct the course, has held over 350 classes on the Pacific Coast, and has trained more than 25,000 people. He has spent many years working with executives, managers, officers, secretaries and others and is thoroughly familiar with correspondence problems in the consumer credit, banking, retailing, petroleum, and public utility fields. He has been on the staffs of New York University, University of California and Stanford University, and has worked with some of the largest firms in the United States in streamlining their correspondence. Among them are Bank of America, Standard Oil Company of California, Pacific Gas and Electric Company, and Owens-Illinois Glass Company.

At first the course will be made available to the Pacific Coast, and then later to all cities in the United States and Canada. Upon return of coupon indicating an interest in sponsoring a "Streamlined Letters" Course, full details will be mailed to you.

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CREDIT DEPARTMENT Letters

LEONARD BERRY

COLLECTION correspondents face a severe test of effective letter writing ability when a monthly charge account reaches what we may call the "critical" point of past-dueness. This point is when the account becomes three months past due and no attention has been given to the usual mild printed notices or stickers.

"Dead silence" is most disconcerting. The fact that the customer has not taken the trouble to write or telephone, even if payment in part or in full was not possible, is upsetting, to say the least. There is understandable temptation to explode the "big guns." Get right in and start fighting! The debtor has been given ample time and generous consideration. Probably owes other stores in town too! Might as well get tough now as later!

Many a good customer has been lost to the store forever because of such power tactics. On the other hand, long-lasting good will has been created by more skillful handling at this critical point. The difference is between building and wrecking.

There could easily be many very good reasons why this bill has not been paid. And if you knew those reasons you would be most willing to cooperate. Instead of jumping right in and using harsh words such as Delinquent, Failure, Disappointed, etc., why not try a genuinely friendly and warm-hearted approach? Then, those sound reasons will more than likely come out in the reply.

The first "personal" collection letter, after the customary "impersonal" procedure should be of the exploratory kind. You are seeking to know what has happened to delay payment. You are proffering your full cooperation should the customer's finances have become temporarily strained. You are willing to work out a mutually satisfactory arrangement for extended payments should that be necessary.

A good collector is really a salesman. He is "selling" the advantages of prompt payment to protect credit standing. He wants to encourage the customer to pay, but equally he wants to keep the customer's friendship. In most cases a friendly and cooperative approach will bring results. Courtesy and consideration have a way of inspiring the same qualities in others. Abrupt demands and harsh criticism arouse resentment and obstinacy.

Later on, should the customer remain unmoved by your friendly appeals, the pressure can, and should be, increased. However, only a few collection problems develop really serious proportions. Why use a body blow when a gentle nudge will do the trick? Good collectors are builders . . . poor collectors are wreckers.

People usually pay bills, as they do most everything else, because of *subjective satisfactions* rather than for *objective reasons*. In other words, emotional reaction to suggestion is the motivating force. Therefore, base collection appeals on subjective satisfactions. Here are a force.

People generally want to do the right thing—and will make every effort to do so when the matter is presented to them in that light. They want to be fair to the store—and will respond to the "fairness" appeal. They want to be good citizens—perhaps it has never occurred to them that prompt payment of bills is part of good citizenship. They want to keep credit facilities available to them—tell them how it can be accomplished. They value good credit standing, but sometimes need to be reminded that they themselves are responsible for it. They were trained to regard bills as important—awaken that dormant spirit!

This Month's Illustrations



Illustration No. 1. Here we have an excellent credit sales promotion letter sent to us by Eric Gutman, Manager of Credit Sales, Scott's Apparel, Ventura, California. We wish we could show the letter in color. It is most attractively processed on blue paper and matching ink. Credit sales promotion letters should always be built around some impelling merchandise theme. You will note this is done in this case.

Illustration No. 2. A series of printed notices used by Murray R. Pfeffer, Manager of Credit Sales, Blake's, Springfield, Massachusetts. When Mr. Pfeffer sent them to us, he commented that he had found this page most helpful to him and he wanted to share his collection notices with others. We appreciate this fine cooperative feeling. We all can profit by sharing our successful ideas with our fellow craftsmen.

Illustration No. 3. We thought you would enjoy this letter especially when we tell you that it is facsimile handwritten by Leo Goldmann, founder of the business, who is still active although he is in his eighties. R. R. Hinkley, Manager, Credit Sales, A. Goldmann and Sons, Milwaukee, Wisconsin tells us that the envelope is also handwritten and that postage stamps are used rather than metered postage.

Illustration No. 4. Another facsimile handwritten letter, this one from Spainhour's, Elkin, North Carolina. Hazel T. Dezern, Manager, Credit Sales, reports that this technique is highly successful and that the store frequently uses facsimile handwriting in credit sales promotion. Anything a store can do to create a business personality is all to the good. Smaller stores especially can capitalize the warm regard, and even affection, that people often develop for their favorite shops.

Illustration No. 5. Here is a printed notice which deals with a problem many stores are facing, that of charging a service charge on past-due monthly accounts and notifying the customer of such impending action. This notice from L. Lechenger Jeweler, Houston, Texas, is stapled to the lower half of the third monthly statement. A small arrow directs the customer's attention to the terms as set forth on the upper part of the statement, "Accounts Due 10th of Month Following Purchase."

We will be glad to hear from members as to how they are handling this particular problem.



1

Dear Mrs.

We have been wondering why you have not used your charge account with us lately.

Is it possible that you have been away? That you have been buying for cash? Or could there be another reason why you have not used your account? Please let us know...and if it's just that you have not needed anything... now is the time to take a good look at your wardrobe. Marchandise is coming in every day for Spring and Summer, for Easter, Play and Vacation time. The most exciting new fashions in dresses, suits and costs and in heautiful colors in blouses, sweaters and skirts.

den't you come in and browse around? And, as your account is always open, please use it. It makes shopping so much easier. The NEW CREDIT CARD enclosed is your key for real pleasure when you shop at SCOTTS.

Cordially yours,

facing formers, SCOTT'S APPAREL

P.S. We have recently remodeled our Children's Department



DO YOU KNOW . . .

That the "Previous Balance statement is overdue?

We would appreciate your payment.

WHEN AN ACCOUNT RUNS PAST THE DUE DATE, WE FIND THAT OUR CUSTOMERS APPRECIATE A BRIEF NOTE ABOUT IT...
OFTEN IT IS DUE TO AN OVERSIGHT.

> WITH THIS IN MIND, WE WOULD APPRE-CIATE YOUR REMITTANCE.

LENOX ST

It is our policy to give you the best in service and values. You can help us by keeping your account up to date; your cooperation will be greatly appreciated.



"THANK YOU

We appreciate your recent remittance, but regret to say that it leaves an over-due belance. If you cannot bring your account up to date immediately, may we suggest regular weekly payments to accomplish this purpose.

Cordially,

If payment has already been made -Please regard this as a Thank You.



A. GOLDMANN & SONS

MILWAUREE 4



Many times thing my bis years in business, grayale have at me if they could charge their provahers have it biblioms me months ago, I decided on atore should extend credit to ers so they could purchase their drify needs even if didn't have the necessary cash with the was to let my friends buy when they was I then take up to so month topy. I derided on this ethol because I know it would help so let be temporarily short of each. Sometime ago I was geteased to barn you had guessed a Renching Change Gerent. It should me you are truly a preferred outoner. ever, just resently, Mr Kinkly, my credit manager, for every just received your charge account for some time.

guite distributed to dear this to there same this we have

- or forgotten to do - that he stoyand you from Changing I'd really the to know because it to keep increase and making on store the place you want to edge. There were in and talk it own, and whise you so, I have Cordially,

a prompt paying Customer is one of the most origin assits of every american susiness, yet seldom, y ever, does a Customer receive any word of appreciation for the excellent manner in which his gayments are

made year after year. We want you to know that the gromplness with which you have recount

hundled your Spainhour account has not gone runnoticed.

We are proud to have you as a Spainhour Customer, and we thank you for your splendid cases to the spainhour transmit your splendid Cooperation.

Cordially yours, gene Spainhour Spainhour's

IN PAIRNESS to the many thousands of Our Custo the payment of their "20-day" charge accounts within the 30-60-90 day period usually considered "safafactory" for such accounts.

EFFECTIVE with Your next month's state each dollar of unpeid belence will be made for each month the balance remains unpeid.

You may SAVE the Service Charge by paying Your "30-day" account IN PASS ent is sent out.



L. LECHENGER JEWELER, INC. CREDIT OFFICE



JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

Government Officials Given Absolute Immunity From Libel: In two cases decided June 29, 1959, one arising under District of Columbia law on the basis of a press release issued by the acting director of the Office of Rent Stabilization, and the other under Massachusetts law based on an official report filed in an office of the Navy and also supplied to members of the Massachusetts delegation to Congress, the Supreme Court laid down new law in the field of libel. It held that a federal government official acting within the course of his duty has an absolute privilege against a civil damage suit for libel by a fellow employee who claims (as in these cases) that he has been defamed by statements of such official.

The Supreme Court had previously held in 1871 that an absolute privilege is applicable to the Judicial Branch of government and in 1896 had made a similar ruling as to cabinet officers. Senators and Representatives have a similar privilege for statements made in session by virtue of the Constitutional provision that members of Congress "shall not be questioned in any other place." But while many lower federal courts have held with respect to the executive departments that the absolute privilege is not confined to cabinet officers, the Supreme Court had never passed on the question whether it extended to rank and file officials.

The two cases were decided only after re-argument, and four of the Justices vigorously dissented on the ground, among others, that the conclusion reached by the majority is "a complete annihilation . . . of the interest of the individual who is defamed." They argued that for lesser government officials a qualified privilege (similar to the privilege enjoyed by credit agencies in reporting credit information, and where the privilege may be defeated by a showing of malice or negligence) is all that is needed to protect these officials in the fearless performance of their duties, and that therefore it is all that is needed in the long-term interest of good government.

Nevertheless the majority of five Justices ruled that the balance of interest is best served by the absolute privilege. Speaking for the majority, Mr. Justice Harlan expressed the nub of the reasoning behind the majority decision when he said: "The privilege is not a badge or emolument of exalted office, but an expression of a policy designed to aid in the effective functioning of government." In short, in order to encourage the most efficient government, these lesser officials, as well as cabinet officers, should be allowed free rein to criticize actions of others without fear of libel suits hanging over their heads.

The minority, on the other hand, warned in strongest terms against "bureaucratic tyranny." They asked: "Can it be assumed, as the opinion appears to assume, that an absolute privilege so broadly enjoyed will not be subject to severe abuse? Does recent history afford instructive parallels in the experience with constitutionally recognized forms of governmental privilege—say the legislative privilege?" (Apparently a reference to so-called "McCarthyism.")

In his dissent (joined in Mr. Justice Douglas) the Chief Justice pointed to still another problem (not touched upon in the majority opinion since not necessary to decision in the cases), namely, concerning statements made by such officials in connection with or in reply to a member of the public who might have criticized him for his official conduct, or his agency or office. Said the Chief Justice: "It will take a brave person to criticize government officials knowing that in reply they may libel him with immunity in the name of defending the agency and their own position. . It will sanctify the powerful and silence debate. This is a much more serious danger than the possibility that a government official might occasionally be called upon to defend his actions and to respond in damages for a malicious defamation."

And now the Attorney General enters the scene: Apparently believing that these decisions necessarily have far-reaching implications, the Attorney General, chief legal officer of the United States, immediately took the highly unusual step of issuing, on July 13, 1959, just 14 days after the decisions were handed down, a "Memorandum to Heads of All Departments and Agencies," in which he warned:

"No government official should assume that these decisions give him full and complete protection against actions for defamation. Accordingly, should it become necessary for an official to issue a statement of derogatory nature, care should be taken that the statement clearly pertains to the duties of the office and the official involved should himself be satisfied that he has the authority to issue it. (Emphasis supplied.)

supplied.)
"Notwithstanding the existence of this privilege, officials of the Executive Branch of the federal government should act with an awareness of the vital importance of avoiding unnecessary injury to any person. An official who in the course of his official duties contemplates making a statement which might be deemed to be derogatory should be keenly aware of the heavy responsibility which falls on him."

The Attorney General's statement further pointed out that the majority opinion had itself adverted to this problem when it said: "There are of course other sanctions than civil tort action available to deter the executive official who may be prone to exercise his functions in an unworthy and irresponsible manner." The Attorney General added: "The reference to other sanctions' undoubtedly includes disciplinary action or removal from office if official irresponsibility should be involved."

The principles and considerations involved in these cases, Barr v. Matteo and Howard v. Lyons, 360 U. S., will be long debated. What is the meaning of "within the course of duty"? Will there be a disposition on the part of Congress to legislate on the question of qualified vs. absolute privilege effecting federal officials?



Presidents Pen

To Lindley S. Crowder

RALPH WALDO EMERSON said "An institution is but the length and shadow of one man." In accepting the truth of this statement, we need only consider the life of Lindley S. Crowder and the growth of this Association. His devotion to the National Retail Credit Association has been unequaled in the annals of association activities in this country. It is with deep regret that we announce his semi-retirement at this time. He has relinquished his duties as General Manager-Treasurer of this Association but will remain on our staff as our Financial Counselor.

In most colleges there is a tradition that an outstanding football player's jersey is "retired" upon his graduation. No other athlete in the future will carry the same number across his shoulders. So it will be in this Association, as the office of General Manager-Treasurer was "retired" by a change in the Bylaws at the Dallas Conference. Hereafter, the head of our National Office will carry the title of Executive Vice President.

To fill this position, your Board of Directors is happy to announce the appointment of William H. Blake whose previous experience in consumer credit and his association work makes him ideally suited to the task. Just as each person's fingerprints are individual so it is with each person's shadow. No two are alike. Even though they are different, it is not wise to attempt to compare them and to determine which is better. Each shadow has many fine attributes.

Mr. Crowder, in casting his shadow, has done more than anyone could hope for in building this Association. We are confident that Mr. Blake will cast as great a shadow in his own way as our new Executive Vice President.

PRESIDENT

National Retail Credit Association



A Tribute

N THIS ISSUE of The CREDIT WORLD appear several resolutions praising the outstanding work and services of Lindley S. Crowder who, for 25 years, has been General Manager-Treasurer of the National Retail Credit Association.

With the 45th Annual International Consumer Credit Conference at Dallas, Texas, Mr. Crowder entered into semi-retirement. Resolutions, regardless of how well written, seldom tell the real story of a dedicated man's life. So it is with this gentleman . . . mere words fail to convey his true worth. To all who have known and worked with him, he is "Mr. Retail Credit." He is an institution in the field of consumer credit.

As "L. S." enters his well-earned retirement, the N.R.C.A. Board of Directors have conferred upon him the title of "Financial and Investment Counselor." His emeritus status will still identify him with the N.R.C.A.

Mr. and Mrs. Crowder will make their home in Vero Beach, Florida, beginning this fall. All of their many friends, the National Retail Credit Association, and the National Office staff wish them the best of good health and happiness.

As the career of this outstanding association executive nears conclusion, one is reminded of the Biblical phrase, "Well done thou good and faithful servant. . . ."

William D. Blake
Executive Vice President

NATIONAL RETAIL CREDIT ASSOCIATION

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(Prices subject to change without notice)

Stickers, Credit Supplies, Books, Forms, etc.

STICKERS AND INSERTS All stickers and inserts are \$4.00 a thousand; assorted, \$4.50. Perma-Grip are \$4.50 a thousand; 500, \$2.50.	N.R.C.A. ELECTROS (Shield Style) 1 inch Reverse
The old type stickers and inserts are available at \$3.00 a thousand; assorted, \$3.50. Order by name or number of sticker or insert and, if possible, attach sample to your order.	N.R.C.A. ELECTROS (Round Style) 1 inch
AGE ANALYSIS BLANK, Form No. 721 100	PICTORIAL WALL PLACARD Will build prestige for your office. Reproduced in seven colors. Sent on approval if desired. 17½" × 12%"
Important Steps in Retail Credit Operation by Dr. Clyde Wm. Phelps, 76 pages, \$1.50 a copy, postpaid. Streamlined Letters by Waldo J. Marra, revised, 479 pages, \$6.50 a copy, postpaid. How to Write Good Credit Letters by W. H. Butter-	EDUCATIONAL BOOKLETS The Good Things of Life on Credit 12 pages, size 3%" × 61/4". 500
field, 128 pages, \$2.25 a copy, postpaid. Making Credit Profitable, 48 pages, 75 cents a copy, postpaid; three copies \$1.50, postpaid; six copies, \$2.50 postpaid. Physicians and Dentists Credit and Collection Manual by Leonard Berry, 64 pages, \$2.00 a copy, postpaid.	10,000 (per thousand) 18.00 The Road to Profitable Credit 8 pages, size 3" × 6". 100 \$ 2.00 500
Retail Collection Procedure and Effective Collection Letters by Leonard Berry, 80 pages, \$2.00 a copy, post- paid. Retail Credit Sales Procedures and Letters by Leonard Berry, 80 pages, \$2.00 a copy, postpaid.	N.R.C.A. MEMBERSHIP SIGNS Laminated in royal blue on rich gold background. Unbreakable. The edges are beveled and a ringed eyelet is provided for wall display. Size 10" × 5".
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A PROGRESS REPORT - - - "PROJECT PUSH"

0: MEMBERSHIP

from:

CHARLES F. SHELDON CLARENCE E. WOLFINGER

CO-CHAIRMEN - "COLONELS"

UNIVERSITY WIGROFILMS

ARBOR, MICH.

NO.FIRST ST.

IT'S WHAT'S UP FRONT THAT COUNTS!

Like a missile from Cape Canaveral comes

N.R.C.A.'s

"PROJECT PUSH"

CREDIT and BUREAU MANAGERS are UP FRONT on . . .

"PROJECT PUSH"

N.R.C.A.'s Membership Committee has provided the thrust to launch "Project Push." From here on . . . it's WHAT'S UP FRONT THAT COUNTS!

Will "PROJECT PUSH" accomplish its mission? The Officers, Directors, Membership Committee, N.R.C.A.'s staff are counting on YOU working TOGETHER with them to zero in on target!

SITTING STILL IS NOT PROGRESS—ENROLL MEMBERS NOW!
"Always and Forever—Eat, Sleep, Dream

62,000 members by '62"